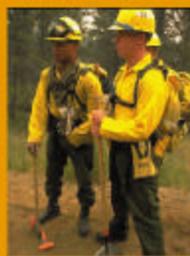




A Report by a Panel of the
National Academy of Public Administration
for the U.S. Congress and the Departments of Agriculture and the Interior



CONTAINING WILDLAND FIRE COSTS:

**IMPROVING EQUIPMENT
AND SERVICES
ACQUISITION**

September 2003



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PANEL

Frank Fairbanks, Chair
Allan V. Burman
Gail Christopher
Patrick J. Kelly
Lyle Laverty
Keith Mulrooney
Paul Posner
Charles Wise



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Project Staff

J. William Gadsby, *Director, Management Studies*

Bruce D. McDowell, *Project Director*

Charles V. Hulick, *Senior Consultant*

W. Patrick Nobles, *Senior Consultant*

Martha S. Ditmeyer, *Project Associate*

*The views expressed in this document are those of the Panel.
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National Academy of Public Administration
1100 New York Avenue, N.W.
Suite 1090 East
Washington, DC 20005
www.napawash.org

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FOREWORD

For many years, firefighting units of the five main federal land management agencies have pooled their needs for and jointly purchased the equipment, supplies, and services required to suppress major wildfires. These agencies are the Agriculture Department's Forest Service and the Interior Department's Bureau of Indian Affairs, Bureau of Land Management, Fish and Wildlife Service, and National Park Service. Many of these resources are stored at central and regional locations, dispatched to fires when they are needed, and then returned to storage sites afterward for refurbishment and future use.

This "cache" system has served the nation well in the past, but it needs to be refined and supplemented by other methods of supply to serve current needs more efficiently. One of the biggest recent changes is that increasing amounts of resources used to fight fires are contracted out or leased. In addition, resources for other newer aspects of the wildland fire program are being added to contract acquisition schedules. The expanded National Fire Plan program no longer consists of just suppression activities. Prescribed fire, forest thinning, and burned land rehabilitation/restoration are becoming bigger parts of the overall enterprise, and much of this work needs special resources. New technologies also increase the scope of acquisitions needed.

Increasingly, the acquisition program must answer whether the resources needed are most advantageously supplied in-house or through outsourcing, and what types of contract provisions would be most cost effective. These questions must be answered through appropriate method-of-supply analyses. Although some other federal agencies have used such analyses to save significant amounts of money, the land management agencies have seldom followed that lead.

In this report, the Academy's Wildfire Panel recommends that the federal land management agencies use method-of-supply analyses to help them make better acquisition decisions in the future. The Panel estimates that the agencies could save on the order of ten percent or more using this practice.

The Academy is pleased to present this report to the Congress, the Forest Service, and the Department of the Interior. It thanks the federal agencies for their funding of this study and their cooperation in preparing it. The Academy Panel directing this study and the project staff are to be commended for their outstanding job in developing the cost-saving strategies recommended. We believe these recommendations are practical, effective, and consistent with the President's Management Agenda.

A handwritten signature in black ink, appearing to read "Howard M. Messner". The signature is fluid and cursive, with the first name "Howard" written in a larger, more prominent script than the last name "Messner".

Howard M. Messner
President

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EXECUTIVE SUMMARY

Wildland fire-related acquisition management programs of the five federal land management agencies¹ are big business. For example, Forest Service wildfire preparedness and suppression contracting costs reached almost \$800 million in FY 2002. Even at a lower level, these costs significantly affect other land management programs and their funding. Thus, searching for and taking advantage of methods to achieve cost containment of escalating wildland fire acquisition programs take on added value. That is the basic premise of this Academy report.

Contracting plays a critical and increasingly important role in both wildfire suppression and mitigation. This report describes opportunities to enhance and further professionalize the agencies' approach to fire management acquisition and thereby achieve cost savings.

A small investment by the Congress should enable the departments of Agriculture and the Interior to establish an analytical function in the wildland fire acquisition management with the objective of identifying and implementing cost-containment opportunities. The Academy estimates that this investment would be approximately one million dollars, and the potential savings could be on the order of 10 percent of each contract's annual business volume. Since start-up time will be required to establish analysis staffs and begin the analytical process, it is neither reasonable nor practical to expect significant savings the first year. However, as projects are developed and implemented, representing a range of savings based on each contract's annual business volume, an overall goal of 10 per cent is reasonable over the first five years.

The goal of achieving substantial dollar savings is laudable. However, there is a potential concern. Once savings targets are established, attention and pressure mount to achieve them, and in changing established methods of supply, there may be pressure to sacrifice non-price features such as safety, timeliness, boosting local economies, and performance to obtain a cheaper price. Care must be taken to emphasize that, while dollar savings are desirable, they should not be achieved at the cost of other important factors.

Current contracting approaches meet the operational needs of the wildland fire program, but they have not been analyzed to determine if less costly methods are available. Why? Not from a lack of desire or inefficiency, but from a lack of capacity.

Higher workloads facing smaller acquisition management staffs complicate the situation. In recent years, government restructuring efforts and reduced budgets have significantly limited the number of procurement personnel in the land management agencies. For example, Interior's acquisition staff declined from 1,360 in FY 1993 to 1,082 in FY 2002, or approximately 20 percent. Forest Service acquisition personnel declined from 894 in 1992 to 611 in April 2003, almost a 32 percent decrease. The remaining staff focuses on meeting operational requirements for issuing and administering contracts, leaving little or no time for analysis of acquisition methods that could yield both short-term and long-term savings. Chapter 1 of this report lays the

¹ The Forest Service in the Department of Agriculture and, in the Department of the Interior, Bureau of Indian Affairs, Bureau of Land Management, Fish and Wildlife Service and National Park Service.

groundwork for the Academy Panel's view that a small investment by the Congress would enable the departments to establish an analytical capacity to conduct method of supply studies leading to contract cost savings. Chapter 1 also points out the conflicting pressures confronting acquisition management staff. Chapters 2 and 3 provide additional information about potential benefits of method of supply analysis.

In Chapter 2, the relationship between systematic analysis and acquisition management is described. Federal acquisition responsibilities have broadened to consider overall agency needs, identify alternative ways to meet those needs, and devise the best approach to obtain needed goods and services. Method of supply analysis provides one of the most useful tools for helping to decide what should be contracted for and what kind of contracts should be used to achieve the most advantageous combination of program performance and cost containment.

Several federal agencies successfully use such analysis to help them contain costs. For example, the General Services Administration applied a total cost model to identify potential cost savings available through differing methods of supply. It found that a switch from local purchase one-at-a-time buying to a multiple award schedule where similar items are grouped together could yield a cost saving of up to 25 percent. A Department of Veterans Affairs staff study demonstrated that using prime vendors and national contracts, rather than an internal depot system and open multiple awards contracts, reduced inventory costs by \$90 million. A Department of Agriculture Forest Service study of helicopter needs and costs identified potential for a 10 percent savings in helicopter costs for wildland fire suppression. The Panel concludes in Chapter 2 that the broad array of existing wildland fire contracts (national, regional, and local), the national cache system, and other activities offer abundant opportunities for method of supply studies that could more than pay for themselves.

Chapter 3 summarizes how the land management agencies' acquisition management programs are organized, how their cultures and missions affect these operations, and how the lack of a capacity for method of supply analysis limits their potentials for cost savings. Each agency has a strong culture of independence, and each delegates program management authority to the regional or field units. This backdrop makes it difficult to achieve the interagency cooperation needed to conduct method of supply analyses that could have greater payoffs when individual actions and common items are consolidated. However, some experiences of the agencies show that they can achieve benefits from cooperation. Examples identified in this study include a Bureau of Land Management (BLM) acquisition redesign effort, the "Service First" activities of the Forest Service and BLM, National Fire Plan collaboration in the Pacific Northwest, and the joint approach to aircraft safety and acquisition of the DOI Office of Aircraft Services.

The BLM acquisition redesign effort found that savings of up to 50 percent could be achieved by purchasing such items as narrow band radios (that many land units were buying on their own) through centrally negotiated indefinite quantity/indefinite delivery contracts. ID/IQ contracts essentially pre-qualify vendors to supply specific products or services to authorized buyers who need only execute a simple purchase order within the terms of the overall contract. The prospects of large aggregate purchases, plus the streamlined process, hold costs down.

The National Fire Plan collaboration in the Pacific Northwest (covered in more detail in Chapter Four) shows the time savings available by using common statements of work across agencies for large indefinite quantity/indefinite delivery contracts, as well as opportunities for opening the contracts to state and local agencies and using state resources under cooperative agreements. Suggested criteria for using cooperative agreements are also included in Chapter Four.

The Panel commends these cost-effective efforts, and recommends that a national analysis group evaluate them to determine their application in other situations. This group would provide new analytical skills not usually possessed by acquisition personnel.

Chapter 4 summarizes eight potential methods of supply studies identified in the early phases of the research for this report, and focuses on the joint efforts of the land management agencies to contract for implementing new activities introduced by the National Fire Plan in the Pacific Northwest. This chapter is based on research that included:

- interviews with more than 50 people in 7 states and the District of Columbia who represent the federal land management agencies and their wildland fire programs and the acquisition management functions of each; with fuels mitigation vendors; state natural resources officials; and other federal agencies
- a questionnaire sent to approximately 50 fuels reduction vendors in the Pacific Northwest
- review of government reports, policies, manuals, and other relevant documents
- review of relevant literature on acquisition topics

The Panel's review of this new National Fire Plan contracting experience confirmed the value of the collective approach to acquisition.

KEY PANEL FINDINGS

The Panel concluded that while much positive activity is occurring in the agencies' acquisition programs, room remains for improvement. Specifically, the Panel found:

- **Cost savings.** Use of method of supply analytical techniques by others has produced savings in the acquisition process.
- **Method of supply analysis strategy.** The current acquisition management program for the wildland fire community lacks an overall strategy that assesses when, how or whether to move items from one method of supply to another.

- **Method of supply capacity.** A permanent analytical staff committed to supporting acquisition management is essential to saving money, promoting collaboration, and improving the overall acquisition process.
- **Method of supply study candidates.** Eight identified demonstration projects should provide the basis for further analysis to achieve significant cost savings.
- **Interagency partnership.** The “Service First” integration of Forest Service and BLM staffs in the Pacific Northwest greatly facilitates joint acquisition activities.
- **Costs and benefits of the shared indefinite delivery/indefinite quantity (ID/IQ) contract approach.** While there are some concerns about the shared ID/IQ approach, users agree it provides a less expensive and faster way to issue a task order compared to going through the entire contract process for every job.
- **ID/IQ approach for new or small suppliers.** While the ID/IQ approach offers users the benefits of lower process costs and gives suppliers a wider market potential, it does not meet the needs of the new and developing supplier.

KEY PANEL RECOMMENDATIONS

To improve the overall effectiveness of the wildland fire-related acquisition programs, the Panel makes the following recommendations:

To the Congress:

- **Congress should appropriate sufficient additional funds to establish and maintain a continuing capability to conduct acquisition analysis supporting wildland fire-related contracting.**

To the Wildland Fire Leadership Council:

- **Provide the overall interagency policy, management, and direction for improving the collective acquisition program. Work with Congress, OMB, and the agencies to provide the resources required to achieve the goals contained in this report.**
- **Ensure that, once established, the Forest Service and DOI method-of-supply analysis staffs meet jointly to (1) agree on general program management procedures, (2) define the composition and skills of review teams, (3) establish commodity or service area leads, and (4) refine evaluation criteria.**
- **Direct the agencies to pursue the method of supply study opportunities identified in this report, consistent with available resources.**

- **Direct the analysis staffs to adopt a minimum five-year savings goal of 10 percent based on the annual business volume of each contract. Consider the lessons learned from the cooperative approach successes in the Pacific Northwest contracting to implement new NFP activities, and determine their viability in other parts of the country.**
- **Require all regions and units of the land management agencies to improve their internet/web sites for NFP contract actions.**

CONCLUDING COMMENTS

The basic themes of this report are:

- Method of supply analysis supports a sound acquisition management program, and improved cost containment.
- The capacity to conduct method of supply studies is currently lacking in the land management agencies.
- The partnership experience of agencies in the Pacific Northwest is a model for other areas to consider.
- Competing pressures may limit the savings otherwise available through contracting decisions.

The Panel understands that the land management agencies face a multitude of competing priorities, and therefore believes that the Wildland Fire Leadership Council has a critical role to play in helping to ensure that the overall acquisition management strategy gives continuing attention to cost containment and implementation of the Panel's recommendations.

CHAPTER 1 INTRODUCTION

The federal land management agencies purchase everything from aircraft to zippers and contract for services ranging across an equally broad spectrum. How they do it and how they might do it better in support of the nation's wildland fire program, including fuels mitigation and suppression, are the subjects of this report.

The acquisition management programs of the land management agencies—the U.S. Forest Service (in the Department of Agriculture) and the Bureau of Indian Affairs (BIA), Bureau of Land Management (BLM), Fish and Wildlife Service (FWS), and National Park Service (NPS) (in the Department of the Interior)—are governed by the Federal Acquisition Regulations (FAR). But not all organize the same way and most work to fulfill different priorities. Some centralize and merge purchasing needs; others decentralize and delegate.

Also, land management agency acquisition personnel are under pressure to issue contracts in support of the National Fire Plan (NFP) and meet new requirements for competitive sourcing and best value procurements along with goals for contracts issued, dollars spent, and level of local employment achieved. Some members of Congress stress goals for keeping requirements small and channeling money into local economies. Given the land management agencies' missions and legislated program goals, including small business program requirements (women-owned businesses, small business competitiveness provisions, disadvantaged businesses, affirmative action, compliance with veterans employment, etc.), not only price but also distribution of contracts becomes important in getting the work done.

Additionally, higher workloads and smaller acquisition management staffs further complicate the situation. In recent years, as a result of government restructuring efforts and reduced budgets, there has been a significant decline in the number of procurement personnel. For example, in the Department of the Interior staff employed in the acquisition function declined from 1,360 in FY 1993 to 1,082 in FY 2002, or approximately 20 per cent. The management reaction has been to reduce or eliminate those positions that involve analysis, and focus on day-to-day operations.

This left very few staff available to analyze and evaluate on-going processes to determine their effectiveness or to identify better, more cost-efficient alternatives. And, it leads to the basic premise of this report: a small investment by the Congress would enable the departments of Agriculture and the Interior to establish and promote an analytical function in their wildland fire acquisition management programs with the objective of identifying and implementing cost-containment opportunities. The Academy estimates that additional funding would be less than one million dollars and the potential savings could be on the order of ten percent of total contracting costs.

ORIGIN, SCOPE, AND METHODOLOGY OF THE STUDY

The purpose of this study is to assist the U.S. Forest Service and the Department of the Interior (DOI) land management agencies—Bureau of Indian Affairs (BIA), Bureau of Land Management (BLM), Fish and Wildlife Service (FWS), and National Park Service (NPS)—in developing an acquisition approach to improve the procurement, contracting and purchasing of equipment and supplies for the wildland fire program.

The report identifies several possible opportunities for such improvement, describes current NFP fuels reduction contracting methods in the Pacific Northwest, and provides recommendations for enhancing the agencies' NFP efforts and for improving the overall analytical capability of the wildland fire acquisition program.

The Academy September 2002 report “Wildfire Suppression: Strategies for Containing Costs” included a recommendation dealing with use of an acquisition model, as follows:

Recommendation 8: Large-Fire Suppression Resources. The Panel recommends that the land management agencies develop a national budgeting methodology to analyze the cost, benefit, number, composition, location, mobility, productivity, and seasonality of each type of large-fire suppression resource.

Agencies should consider using an acquisition model that quantifies advantages and disadvantages of supply options to aid in decisions to purchase firefighting resources and some method of performance evaluation to monitor quality and performance, especially for contracted crews.

This recommendation prompted the Congress to ask the DOI and the FS to jointly fund a study showing the potential benefits of the use of an acquisition model.

The Academy is conducting companion studies that, one, involve utilizing local firefighting resources and, two, enhancing a potential wildfire hazard mitigation program. That program would assist and promote planning for strategic fuels reduction on most fire-prone wildlands, planning for high priority wildfire hazard reduction around communities, and joint firefighting preparedness strategies in fire-prone areas. Those reports will be issued in the near future.

The methodology for this acquisition method of supply study included:

- interviews with more than 50 people in 7 states and the District of Columbia who represent the federal land management agencies and their wildland fire programs and the acquisition management functions of each; with fuels mitigation vendors; state natural resources officials; and other federal agencies
- a questionnaire sent to approximately 50 fuels reduction vendors in the Pacific Northwest
- review of government reports, policies, manuals, and other relevant documents

- review of relevant literature on acquisition topics
- sending a draft of this report to Interior and Forest Service for review and comment.

The Academy appointed an eight-member Panel to direct and oversee the study. Brief biographies of the Panel and project staff are provided in Appendix A. The Panel includes Academy Fellows and other experts who previously served in the federal firefighting community or in federal acquisition programs. The Panel actively directed the work, reviewed the research results, participated in the analysis, and approved the report and its recommendations. The Panel met four times between March and September 2003.

CHAPTER 2

SYSTEMATIC ANALYSIS AND ACQUISITION MANAGEMENT

THE POLICY CONTEXT AND EVOLUTION OF ACQUISITION MANAGEMENT

The world of obtaining government goods and services has evolved from “purchasing” to “procurement and contracts” to “acquisition management.” In the early days, “buyers” simply went out into the marketplace and purchased supplies, usually without formal contracts. After World War II, contracts became much more predominant as both the size and cost of procurement transactions increased. Procurement typically involves the formal contracting portion of purchasing. An agency issues a request for proposals, evaluates the responses, and awards the contract through which it “purchases” the needed items.

Today, the process is referred to as acquisition management, which is the total beginning-to-end process. Based on agency needs determined by program managers, acquisition personnel identify optional ways to meet those needs, and devise the best approach to actually buy the goods or services. Acquisition management staffs are called upon to provide a broader array of support than was expected under the earlier approaches.

The evolution appears to be continuing. The Services Acquisition Reform Act (SARA) of 2002 (H.R. 3832), introduced by Virginia’s Representative Tom Davis, would create a “Chief Acquisition Officer” within each department and agency. This individual would have primary responsibility for overseeing acquisition policy and serving as a critical member of department management. This position would be similar to the Chief Financial Officer and the more recently established Chief Human Capital Officer, positions that strive to focus management attention and enhanced capacity in the financial and human resources areas.

GOVERNMENT-WIDE POLICIES

Government-wide, departmental, and agency regulations and procedures shape the overall nature and content of agencies’ acquisition management program. Also, affecting them are policy and management goals and objectives originating from the administration, generally through OMB, and Congress. For example, the President’s Management Agenda contains two acquisition management issues, competitive sourcing and expanded electronic government.

The competitive sourcing initiative proposes procedures to improve and expand competition between public and private service providers. This competition, outlined in OMB Circular A-76, involves analysis to determine whether commercial type activities currently carried out by federal employees should be provided through contracts with commercial sources, continued use of in-house government personnel, or through inter-service support agreements with other federal agencies. The process of comparing the relative costs of in-house versus private sector performance is a method of supply analysis. In May 2003, OMB issued revised guidelines to accomplish the A-76 analysis.

In the area of expanded electronic government, the federal government seeks greater services at lower cost through the use of easy-to-find single points of access to government agencies and the sharing of information quicker and more conveniently between and among federal, state, local, and tribal governments. Many interested parties benefit from having information readily available through use of web sites.

The land management agencies' acquisition managers in the Pacific Northwest responded to this agenda item, and their efforts to provide information on the Internet concerning fuels reduction contracts are a good example. Vendors have readily available web sites to review for existing and potential contracts. State and local governments who have similar fuels reduction requirements are able to see at a glance what technical work statements are being used and which vendors are under contract. Future efforts in this area include the grants application process whereby states and local governments can electronically apply and obtain approval of their fuels treatment grants.

MODEL DEFINED AND POTENTIAL EFFECTS

Acquisition managers need tools to assist in coping with their increasingly complex, time critical, and voluminous workloads. One such tool is a method of supply analytical model, defined as follows:

A method of supply model consists of an analysis of options for supplying goods and services, with the costs and benefits included for each option.

The development of information relating to the costs and benefits of alternative approaches can help such decisions as:

- Should in-house staff provide the service or should it be outsourced?
- When does it make sense to “rent” a product or service and when should the government “own” the product or service?
- When should contracts be established at regional or national levels?
- When should agencies place orders against a national or regional contract, and when should orders be consolidated and coordinated through one office (achieving lower prices via larger quantities and expedited vendor payment procedures)?
- Should a contract be for a definite or indefinite quantity?
- What items should be carried in a depot or cache system, and what items should be supplied via a direct delivery system using a prime vendor concept? Should depot or cache items be carried at multiple locations?

A method of supply analysis should not be confused with a needs analysis. A needs analysis defines what the equipment or service will do for the organization. Typical needs analysis questions include:

- What are the objectives of the equipment or service?
- How will it help accomplish the agency's mission?
- Is it essential or optional?
- Are we currently purchasing similar equipment or services?

After these questions are answered, the next step should be the application of a method of supply analysis to determine how the equipment or service will be acquired, including whether it will be provided by government or commercial sources.

Some method of supply decisions are straightforward and do not require a comprehensive analysis, such as establishing a national contract for a multiple use equipment item. Others, such as determining the appropriate mix of government and commercial sources, require more analysis of alternative costs and benefits. Aggregating requirements often becomes an efficiency issue. That is, one contract can have many users submitting their individual task orders when combined needs are established.

GOVERNMENT EXPERIENCES IN USING METHOD OF SUPPLY MODELS

The federal government experience with method of supply models varies, and valuable lessons can be learned from each. The following section provides summaries of the approaches used by three agencies. These examples demonstrate different method of supply analytical methods and the importance of having the resources available to conduct such analysis.

GSA, Federal Supply Service

Beginning in 1949, when a federal agency needed office equipment or supplies, its eyes most often turned toward the General Services Administration (GSA). GSA could provide equipment and services, either from one of its huge warehouses or from what was, and is, known as the "supply schedule." The schedule is a listing of vendors under contract to provide a broad range of equipment and services. Over time, GSA expanded far beyond office supplies and today encompasses almost the entire range of goods and services an agency would need to maintain its operations.

How does GSA make its method of supply decisions? That is, what strategy does GSA² use to decide what equipment to acquire, when, and the process to accomplish it?

² The Federal Supply Service is the specific organizational entity within GSA that applies this model.

GSA uses an econometric model that estimates the annual cost for each item for each method of supply—stock, schedule, and special order. The stock method relates to the network of depot storage facilities operated by GSA. Customer agencies place orders with GSA for shipment from these depots. The schedule method involves the Federal Supply Schedule program, which is a collection of indefinite quantity/indefinite delivery contracts where customer agencies place orders directly with vendors, who then deliver the desired item. The special order method includes contracts issued by GSA for particular items, such as automobiles and appliances. Customer orders are collected by GSA and then placed against these contracts.

Each of these methods has cost advantages and disadvantages. Contract prices under the stock program tend to be better than the schedule program, since there is less risk for the vendor (no other competitors). However, this advantage can be offset by the costs of depot operations.

The model includes the costs of all expenses for each method, including procurement, storage, shipping, handling, and the equations relating these to total item cost. It is associated with a database of each item's annual values, such as quantity sold and total cost price. Computer based, the model calculates an item's total cost to the taxpayer for all the options of procurement and sales methods.

The model and its database are used by GSA staff nationwide as a tool to determine the preferred procurement mode for each item in the inventory. The model does not make the decision, but rather offers data to assist commodity managers in making such decisions. Seasoned judgment, local conditions, and a variety of other factors can and do lead to procurement decisions not necessarily reflective of the model's "preferred" mode. In other words, cost can give way to timeliness, or best value.

GSA currently uses the model primarily to determine its unit costs and to help determine appropriate charges to customers. These "markup" charges are necessary since the Federal Supply Service operates on an industrial funding basis. This means the organization derives its funding from customer sales instead of annual congressional appropriations, and therefore must know the cost factors that are part of each item sold. Unit costs include charges of time and services from the head of GSA down to the warehouse and shipping personnel involved in procuring, storing, handling, and distributing each individual item. Thus, it involves a massive data gathering and maintenance effort.

The model does offer theoretical contract price differences for each of the potential methods of supply. While these differences have not been validated by actual procurement experience in several years, they do offer method of supply guidelines and possible dollar savings. The most typical example of a method of supply change, moving an item from the local purchase category to the Federal Supply Schedule (multiple award), would generate estimated price savings of 28 percent. However, large-scale use of the model is limited by the large amount of data required. The model does, however, focus attention on both the "costs" portion of alternative methods of supply as well as the contract price differences.

Department of Veterans Affairs

The Department of Veterans Affairs (VA) maintains and operates a “supply system” for the federal medical community. This system consists of two levels: first as a provider of medical supplies and services for the government and, second, to meet the needs within VA. The VA approach provides a potential path for the fire community to follow. It may need modifications, but the VA results certainly indicate it is worthy of serious consideration.

The VA system satisfies government-wide needs primarily through eight supply schedules. Seven are for pharmaceuticals and drugs, medical equipment, dental equipment, patient mobility devices, x-ray equipment, diagnostics test kits and sets, and clinical analyzers. The eighth, and relatively new schedule, is for professional medical and allied health care services. The schedules have no maximum order limitations, are available to all federal agencies, and include an extensive range of items. Agencies can negotiate lower prices with suppliers through use of blanket purchase agreements.³

Prior to 1994, the VA maintained a depot system to stock pharmaceuticals, medical supplies, and non-perishable food items to meet the Department’s needs. Management, saddled with approximately \$100 million invested in equipment and supplies, and spending \$70-to-\$80 million each year to maintain this inventory, searched for a better method. This exploration of alternative approaches led to appointing an intra-departmental task force to examine the costs and benefits of using a prime vendor concept. In other words, a contractor would become responsible for meeting the needs. The study report concluded that the costs and benefits of such an approach warranted further action. The prime vendor concept was tested at 33 medical centers, starting in late 1991 and completed in early 1992. Goals of the test were:

- Reduce inventory costs
- Reduce space requirements
- Increase drug availability
- Increase job satisfaction
- Reduce order processing time

Field test successes resulted in further expansion and a decision to close the three depots in 1994. While there were predictions of possible shortages in emergency situations at the time of the depot closings, none developed. The immediate gain was about \$80 million in liquidated inventory. Further, the new process quickly achieved customer satisfaction. Interestingly enough, inventories in the VA medical centers scattered throughout the country also declined as

³ Blanket purchase agreements are agreements between agencies and schedule vendors similar to a charge account whereby an agency can place several orders with a vendor and be billed once a month rather than each time. Agencies can also negotiate discounts from schedule prices under this agreement.

they, too, adopted the change, perhaps due to the inventory cost now borne by those centers rather than the revolving supply fund.

The VA's prime vendor approach uses just-in-time acquisition/inventory processes, including sophisticated software and ordering capabilities. The prime vendor is provided access to VA's established contract sources and pricing (i.e., Federal Supply Schedule and National Contract Programs). To further increase dollar savings for items used internally, VA implemented a standardization program based on obtaining the clinical units' agreement to furnish appropriate alternative health care solutions to meet the needs of the veteran population and to leverage these requirements to obtain the best prices. The negotiated price includes discounts from schedule prices in large part because of guaranteed volume and limited brand options. Initial fears of limited brands and concern that very few vendors would participate quickly evaporated. VA estimates savings from this initiative at \$500 million from 1966 to 1999 on pharmaceuticals alone.⁴ The VA's experience demonstrates that the marketplace will respond when there are assurances of predictable levels of business.

This point is further emphasized by the success of the process. In the early days, VA paid a 2-to-3 percent fee to prime vendor contractors for pharmaceuticals. Currently, they get "at least a 3 percent discount." Also, they have found that over time they get what they need when they need it.

The VA points out that closing the depots and requiring just-in-time delivery of services reportedly has been highly successful in emergency situations as well. They point to 9/11 as an example. They had an aircraft, accompanied by military escort, loaded with medical supplies and on its way to New York within hours of the disaster.

An added bonus is that the prime vendors keep excellent inventory records and track the level of usage of various products and maintain their stocks accordingly. This data has been useful to the VA for its own analysis. Recognizing the need for better program review and analysis, the VA has begun developing its own data system. The VA experience also demonstrates that properly executed prime vendor national contracts can provide the flexibility and timeliness needed to meet emergency situations. The process provides for some locally negotiated contracts to accommodate prevailing rates, obtain additional discounts, or facilitate quick vendor response time (e.g., should a facility require delivery times in excess of the national contract requirements).

The VA approach involved an analysis of the entire acquisition system—national, regional and local. Although all of the medical centers are not full partners in the new process, the result is a better-integrated and more efficient system. The VA acquisition management claims that in about six years they have reduced inventory costs by about \$90 million. VA management firmly believes that the national contracts with prime vendors and closure of the depots have enabled the Department to economically and efficiently provide needed goods and services. And, the growth pattern of the process is beginning to show results.

⁴ Gary Krump, Deputy Assistant Secretary for Acquisition and Material Management, "Logistics in the 21st Century - Creatively Flexing Our Muscles," June 8, 1999.

One lesson learned that should not be ignored: formulate concrete plans to increase procurement and contracting staff at the national and regional levels. VA did this and restructured its work force. This investment resulted in innovative approaches similar to those described here, with savings offsetting the higher personnel costs.

USDA Forest Service

The 1992 Forest Service study of Type I and II helicopters provides another example of a method of supply analysis. This predictive model approach, specifically designed for and applied to a critical large wildland fire suppression resource,⁵ projected the optimum mix of call-when-needed (CWN) and national exclusive use⁶ Type I and II helicopters. These are terms used to designate the size and capacity of helicopters. A Type I can lift over 5,000 pounds or transport more than 16 passengers, and a Type II can lift 2,500-to-4,999 pounds, or carries 9-to-15 passengers.

Hourly rates for exclusive use helicopters are typically considerably cheaper than CWN hourly rates, but the tradeoff is that exclusive use helicopters are on-site 24 hours a day and CWN rates only apply for actual hours used, although a minimum number of hours may be guaranteed. The challenge of the study was to determine the best mix to cover both initial attack and large wildland fire suppression requirements.

The study team gathered and analyzed cost and operational time data from prior fire seasons. Based on the data, they established an “average” baseline for usage and costs of both types of helicopters, identified probable location needs, and determined the appropriate trade offs between and among the variables. Data gathering for the study was difficult and time consuming because of the variety and types of sources. However, completeness and accuracy of data were key to developing the model and conducting the analysis.

The study concluded that for the optimum mix of Type 1 helicopters, 3 exclusive use helicopters could fill national demand 25 percent of the time, and the remaining 75 percent could be filled from CWN. For Type 2 helicopters, the study concluded that 13 exclusive use helicopters could fill national demand 52 percent of the time, and the remaining 48 percent could be filled with CWN. Estimated annual savings from these two recommendations were \$640,000 for Type 1 helicopters and \$3,200,000 for Type 2 helicopters. The total savings of \$3,840,000 compared with the annual yearly expenditures of \$24,000,000 compute to a 16 percent savings. However, because of budget constraints and failure to obtain additional program funds, the agencies were unable to make the initial investment that would have achieved the estimated savings. This prevented adding any Type 1 exclusive use helicopters, and limited the number of Type 2 helicopters for exclusive use in support of large wildland fire suppression to seven.

⁵ USDA Forest Service, National Study of Type I and II Helicopters to Support Large Fire Suppression, 1992.

⁶ Call-when-needed refers to helicopters used only during a fire for specific purposes and paid for actual hours used. National exclusive use refers to helicopters held in reserve for use on large wildland fires, not for initial attack.

While the implemented action may not have coincided with the study's recommendations, this does not diminish the value of the analytical process used and the potential it offers for evaluating wildland fire suppression needs.

CURRENT SUPPRESSION RELATED ACQUISITION METHODS

None of the above should suggest that the acquisition programs in the land management agencies are deficient. On the contrary, at least for the firefighting community, essential goods and services generally are available at a reasonable level. No activity can provide 100 percent of the resources needed when faced with fire seasons such as that in 2000 and in 2002. When there are several large wildfires at once, there will be competition for resources. The fact that over 95 percent of the fires do not escape initial attack serves as convincing evidence of the skill and expertise of the people and the availability of tools to fight fires.

The firefighting "tools," or equipment and services, are obtained in various ways, each containing options⁷ that method of supply analysis can assist in evaluating. These "tools" (shown in Table 2-1) are:

1. **National contracts** executed at either the National Interagency Fire Center (NIFC) or in regional acquisition offices. Options include such things as how to provide the contract coverage geographically, whether to allow orders to be placed by several using agencies, and use of guarantees to minimize the contractor's risk. It should be noted that needs analysis studies have been conducted for only heavy air tankers and a portion of the Type 1 and Type 2 helicopters. This is an important first step and should be done prior to any method of supply analysis.
2. **Regional contracts** executed at the regional or state (BLM) office level and covering several land units. Options include whether to use a single or multiple award process, whether to limit the scope to a single agency, or expand to all fire fighting agencies and/or the entire government, whether to allow task orders to be placed by each contract user or require that task orders be funneled through one contract administrator. Management options also include whether to establish a lead region for a particular contract, and the conduct of analysis to determine if a collection of regional contracts for similar items or services could be consolidated and shifted to a national contract.
3. **Emergency equipment rental agreements** executed for a geographic area. These agreements (not binding in the same manner as formal contracts) cover a multitude of rentals from bulldozers to portable toilets to engines and crews. The vendor has the option to either accept or reject a task order. Coverage of these agreements can range from the unit level to a larger geographic area, with similar prices and terms. Management options include determining if different geographic areas use similar terms and conditions enabling vendors to offer services in more than one area and thus eliminate confusion on pricing and terms.

⁷ Possible method of supply projects dealing with these tools are contained in Chapter 4.

4. **Local purchase items** acquired either at the unit level or during a fire incident by a buying team as part of the incident management process. Management options include establishing operating rules of what can be purchased during the incident and on a post-incident analysis to identify repetitive purchases that could be incorporated into a regional contract.
5. **Equipment items supplied through the fire cache system.** Options include whether to stock an item in one, some, or all cache locations, and to monitor inventory activity to decide which low demand items could be dropped, and whether repetitive local purchase items should be added to the cache inventory.
6. **Items acquired from the GSA multiple award schedule program.** Options include establishing blanket purchase agreements to achieve quantity discounts from the schedule price, and possible consolidation or standardization among choices to increase quantity discounts.

Table 2-1. Fire Suppression Services and Supplies

SERVICES		SUPPLIES		
NIFC Contracts and Annual Cost	Geographic Area Coordination Centers/Regions	Cache items	GSA Schedule items	Local purchase on/site
<ul style="list-style-type: none"> • Helicopters(\$50M) • Air Tankers(\$24M) • Commissary(\$290K) • Retardant(\$15M) • Food/shower(\$27M) • Engines/crews(\$30M) • Transport Aircraft(\$1M) • Aircraft Maintenance (\$1M) 	<p>Aircraft Single Engine Air-Tankers; Helicopters; Aircraft for Transportation; Recon Aircraft; Crash/Rescue Units (aviation)</p> <p>EERA’S are used most frequently for the following :</p> <p>Ground Transportation: People Commercial Vans; Buses; Pickups, Passenger Vans; Ambulances; All Terrain Vehicles</p> <p>Ground Transportation: Equipment Tractor Plows; Bulldozers/Graders/Skidgines/Excavators/Backhoes/Skidders; Potable Water Trucks; Water Tenders; Flatbed Trucks/Lowboys; Grey Water Trucks; Fuel Trucks; Shop Trucks (heavy equip/automotive and small engine); Reefer Truck; Engines;</p> <p>Other: Haz-Mat Units; Mobile Offices; Office Tents; Office Trailers; GIS Services; Trailers; Portable Pumps; Generators; Pack and Saddle Stock; Copy/Fax Machines; Telecommunications (cell/satellite/landline); Porta-Potties; Computers; Chainsaws with Operator</p> <p>Services: Medical Services; Timekeeping Services; Meals; Land/Facility Rentals; Crews</p>	<ul style="list-style-type: none"> • Tents • Hose • Protective Clothing • Tools • Pumps • Batteries • Canteens • Radios/Radio Systems • Many other items, too numerous to list 	<ul style="list-style-type: none"> • Fire items FSS 42 part 1, section B • Chain saws, FSS 37 • Fuel storage tanks, FSS 54 part I • Portable radios, FSS 58 VII • Medical first aid equipment, FSS 65 II B 	<ul style="list-style-type: none"> • Multiple buys with no aggregation • No data base on demand and prices • Analysis would compare with cache items first; if not available in cache, then local purchase
NIFC Profile	GAAC/Region Profile	Cache Profile	Schedule Profile	Local Profile
<ul style="list-style-type: none"> • High volume, high cost • Standard service description • Indefinite quantity • Some guarantees via exclusive use • National scope, national contractors 	<ul style="list-style-type: none"> • Maximum use of local suppliers via EERA’s • Preference for “rent” versus “buy” • Multiple contracts for similar items, no apparent price comparisons. Most geographic areas establish standard rates for some items • Many of the items above can and are established at the local level versus a regional or geographic area level, which are all supposed to be part of the host unit’s service and supply plan which could include regional or geographic agreements/contracts as well 	<ul style="list-style-type: none"> • Requires standard description and quality tests • National scope in terms of usage • Government pays for receipt, storage, and issue • No contract guarantees • Difficult to add or remove items 	<ul style="list-style-type: none"> • Standard commercial items • Single award, geographical zoned • Vendor handles storage and shipment • No guarantee • Price competition among bidders 	<ul style="list-style-type: none"> • Determine if new item • Determine potential for aggregation • Develop database re demand, prices

MODEL EXPERIENCE

Each of these analytical techniques could be applied to a variety of wildland fire suppression equipment and services. For example, the VA depot approach could be used to study the National Interagency Wildfire Support Cache System, 11 “warehouses” scattered throughout the United States, two managed by BLM staff and the other nine by Forest Service staff. The prime vendor approach may be applicable to many of the items currently stocked in the caches, particularly those items that are classified as expendable, such as batteries and office supplies used by incident management teams during a wildfire.

Key points to keep in mind: (1) determine the prime motivation for a model method of supply study (costs, efficiency, consistency, safety, etc.); (2) ensure the availability of sufficient data; (3) provide the necessary staff resources to design, develop and apply the model; (4) prepare to act on the results (this may include developing a strategic plan, implementing tactical actions, or concluding that no further effort is needed). The examples of method of supply efforts shown above suggest possible savings ranging up to 28 percent. However, it is unlikely that every review would achieve 28 percent savings, but a minimum of 10 percent is a realistic expectation. Table 2-2 gives the universe of annual wildland fire contracting costs against which this figure can be applied.

Table 2-2. Fire Costs for Contracts, Supplies, and Equipment⁸

(Dollars in Millions)

	FY 2000	FY 2001	FY 2002
CONTRACTS:			
Preparedness	\$31	\$63	\$75
Suppression	496	231	432
Total	527	294	507
SUPPLIES:			
Preparedness	32	46	44
Suppression	102	74	146
Total	134	120	190
EQUIPMENT:			
Preparedness	43	84	76
Suppression	30	43	17
Total	73	127	93
TOTAL:	\$734	\$541	\$790

⁸ Source: Forest Service budget data

FINDINGS

The Panel finds that the current acquisition management program for the wildland fire community lacks an overall strategy that assesses when, how or whether to move items from one method of supply to another. This may be just as true of the total acquisition management programs in all of the land management agencies, but research for this Academy study did not go that far.

RECOMMENDATION

Based on the above findings, **the Panel recommends that:**

The Wildland Fire Leadership Council provide the overall interagency policy, management, and direction for improving the collective acquisition program. The Council should work with Congress, OMB, and the agencies to provide the resources required to achieve the goals contained in this report, consistent with other priorities.

The following chapters describe acquisition management in the land management agencies today and recommend changes and techniques that should improve their individual and collective programs. The nature of firefighting requires cooperative and coordinated action. This, too, applies to the acquisition management support for personnel and organizations working together to fight fires.

CHAPTER 3

CURRENT STRUCTURES AND STRATEGIES

The realization of common goals requires a commitment to achieve them, agreed upon priorities, and coordinated efforts. The land management agencies embraced common wildfire goals, with relatively minor variations, most recently in the 2001 Review and Update of the 1995 Federal Wildland Fire Management Policy. However, the missions, organizational structures, and cultures of the agencies have both supported and hindered agreement on priorities and coordination—except in the case of fighting wildfires where exceptionally close working relationships routinely occur. The acquisition management programs in the five agencies are no different. They reflect cooperation and coordination in some areas, but separate and uncoordinated operations elsewhere.

This chapter summarizes the current organizational structures of the land management agencies' acquisition function, describes how their cultures and missions affect operations, and the lack of method of supply analysis capacity. It includes examples of successful efforts to improve procurement processes and interagency working relationships. Finally, it presents the Panel's conclusions and recommendations for improvement.

CURRENT ORGANIZATION STRUCTURES AND EFFECT OF CULTURES AND MISSIONS

All five of the land management agencies' acquisition program structures generally mirror those of their respective administrative functions: headquarters, regions or geographically designated areas, and local land units—parks, forests, refuges, etc.⁹ The following summarizes the roles at the headquarters, regional, and local levels:

- In all five agencies, the local land units have a strong culture of independence in terms of operations.
- None of the five acquisition headquarters groups has direct line authority over the regional offices, although one has plans to change that.
- Oversight reviews are conducted by all of the agencies. These reviews are advisory in nature.
- None of the acquisition staffs has dedicated resources for method of supply reviews but all have expressed a desire for such capability.

Acquisition program organizational structures and management strategies used by the five land management agencies reflect their individual cultures and missions not a cross cutting and

⁹ Additional information concerning the organizational structures is provided in Appendix B.

consistent focus across them. Decentralization and delegation of authority are common to the culture of all of the land management agencies. Responsibility for program management may be scattered throughout the structures. Authority for those actions, however, is vested mostly in the local land unit managers. The impact of this on method of supply analyses is considerable since, in many instances, results have a greater payoff when individual actions and common items are consolidated both within bureaus and across agencies.

Acquisition management headquarters offices publish policies and conduct some oversight reviews. However, they have very limited line authority over field program operations, but three of the agencies do have some day-to-day contracting responsibilities. Field acquisition personnel report to local managers. Decentralization and local control rule, but not completely. Table 3-1 below summarizes the roles and responsibilities of the land management acquisition offices.

Table 3-1. Agency Acquisition Staffs

Headquarters Office	Issues Policy	Contracting Operations	Field Reviews	Headquarters Line Authority over Field	Conducts Method of Supply Reviews
BLM	Yes	No	Yes	No	No
NPS	Yes	No	Yes	No	No
BIA	Yes	Yes	Yes	No	No
FWS	Yes	Yes	Yes	No	No
FS	Yes	Yes	Yes	No ¹⁰	No

Decentralization and delegation do not, however, prevent joint approaches. Many of the fire suppression contracts negotiated by the Forest Service cover all the agencies, particularly those national level agreements covering air tankers, large helicopters, retardants, and a few other items. Bureau of Land Management and Fish and Wildlife Service acquisition personnel also negotiate contracts encompassing all the DOI bureaus and available to the Forest Service, narrow band radios being one example.

COORDINATING ANALYSIS AND OPERATIONS

Research for this study disclosed four examples of how headquarters can provide the analysis and the incentive for field operations to do similar work. One started as an intra-agency effort to improve acquisition operations; the second originated from concerns shared by BLM and the Forest Service; and the third resulted from joint efforts to implement the National Fire Plan. The fourth, concerning the DOI Office of Aircraft Services (OAS), evolved primarily from aviation

¹⁰ Forest Service consolidates a number of large aviation and fire suppression support contracts centrally at a headquarters detached unit located at the National Interagency Fire Center.

safety issues and is a slightly different version of centralized acquisition and program management

BLM Acquisition Strategies Team

In the mid 1990s, the manager of the BLM headquarters acquisition office initiated a re-engineering process. An “acquisition strategies team” grew out of this. The team gathered and analyzed data from the DOI management information systems and other sources within BLM to identify major purchases and those that provided potential consolidation among the various BLM field components. During this analysis, the team identified 14 priority items and the likelihood that work on these could benefit not only BLM, but the other land management agencies as well. Further analysis supported this prospect. The team assigned responsibility for each of the 14 items to contract and program specialists and follow up work on some of the 14 items confirmed the potential interagency benefits. Some of the contracts resulting from this process include all of BLM, the other DOI agencies, and/or the Forest Service. In three cases (narrow band radios, steel fencing materials, and vault toilets) the contracts are also open to government-wide use.

Officials knowledgeable of the efforts said that efficiencies and economies did result on the order of up to a 50 percent savings in the award process times for items previously bought individually, and that outcome demonstrates the value of conducting a method of supply analysis. The personal leadership of the acquisition head was instrumental to the project’s success. That it was an ad hoc project team does not diminish its value; it illustrates the potential of an established and continuing “method-of-supply group.”

Service First

Service First is a partnership between the BLM and the Forest Service to provide seamless, one-stop shopping in a convenient, efficient, and effective way. The 1997 Interior Appropriations Act authorized BLM and the Forest Service to delegate duties, responsibilities and authorities, thereby allowing an employee of either agency the authority to act on behalf of the other agency.

Co-location was recognized as an initial step. Service First also gave employees from both agencies the opportunity to apply for vacancies in either agency when the BLM and Forest Service offices were located in close proximity. In terms of acquisition, Service First envisions the staffs of BLM and Forest Service should be empowered to execute contracts on behalf of either agency in a working partnership arrangement. The Panel supports this concept and urges that efforts to resolve any roadblocks to successful implementation, such as limitations to contracting authority, be expedited.¹¹

The Pacific Northwest BLM and FS offices implemented Service First in 1995 with the sharing of contracts for natural resources professional services, and now have a shared location for the BLM Oregon State Office and the Forest Service Region 6 office in Portland, Oregon. Current

¹¹ Such limitations can be in the form of legislative restrictions or dollar contracting thresholds. For example, BLM is largely centralized for major procurements while the Forest Service is decentralized with higher warrant authority in field units. Allowances should be made for those differences in implementing the Service First program.

examples of sharing personnel between the two organizations include an integrated fire and aviation organization, as well as jointly developed fuels reduction contracts. Service First provided an excellent base for collaborative efforts to implement the NFP in the Pacific Northwest. Chapter 4 contains specific examples of contracts that cross agency lines and reflect the potential value of assessing program needs and results without focusing on separate agency responsibilities and operations.

National Fire Plan Collaboration

The National Fire Plan is a major effort to assist in protecting communities and natural resources, as well as the lives of firefighters and the public. It is a long-term commitment based on the cooperation and communications among federal agencies, states, local governments, tribes, private landowners, and other interested parties. Specific areas include firefighting, rehabilitation and restoration, hazardous fuels reduction, and community assistance.

To ensure that acquisition efforts in support of the plan were being done in a collective and collaborative manner, rather than having each agency go its separate way, DOI and the Forest Service (1) decided to use interagency teams of contracting officers to develop model statements of work, (2) agreed upon lead agency and contracting officers for each of the existing Geographic Area Coordinating Groups, (3) issued geographic area-wide contracts for use by all of the agencies, and (4) created a website to share contract award information. Most of the joint contract effort to date has been directed to fuels treatment. This subject is covered in more detail in the following chapter.

Centralized Approach to Acquisition Management

The Academy study team visited the DOI Office of Aircraft Services, located in Boise, Idaho, to see first hand an example of centralized acquisition and program management. OAS was established by secretarial order in 1973 "...to raise the safety standards, increase the efficiency, and promote the economical operation of aircraft activities in the Department of the Interior." OAS is responsible for Interior's aviation safety program. Through this leadership, OAS provides

- centralized technical and administrative services to all Interior organizations
- and, through individual agreements, to other federal and state entities.

The team examined OAS from the perspective of four traditional centralized management advantages (see Table 3-2); the results of this examination are shown below.

Table 3-2. Advantages of Acquisition Centralization

- Aggregated requirements, uniformity of specifications, and better vendor payment procedures
- Better program and acquisition demand data being acquired since there is only the one system to capture it
- Close scrutiny of in-house costs when user fees are charged
- Cost comparisons of alternative acquisition approaches.

1. Centralization should result in aggregated requirements, uniformity of specifications, and better vendor payment procedures. Taken together these should result in price economies and leveraged resources for the centralized function compared with the alternative.

OAS staff, working with the aviation managers from the DOI bureaus, have developed and refined aircraft requirements—including specifications—for all of the department’s air transportation needs. OAS is the one-stop shop for utilization and management of DOI aircraft. This structure would appear to be more efficient and economical than duplicating the functions in each of the bureaus. These factors are a part of the OAS published mission—to “increase the efficiency and promote the economical operation of aircraft activities.”

The OAS and the Forest Service negotiated a memorandum of understanding and, since the mid-1990s, have jointly developed specifications for firefighting aircraft. OAS and the Forest Service issue firefighting-related national contracts for use by all of the land management agencies. The contracts are for exclusive use and/or call when needed aircraft.

2. Centralization should result in better program and acquisition demand data being acquired since there is only the one system to capture it.

OAS, as the centralized planner and manager of DOI aircraft, maintains its own information systems. It, therefore, has sufficient data tools to analyze operational costs and adjust aircraft use fees accordingly.

3. If the central organization is funded via user charges (e.g., revolving fund), there should be an inherent pressure for the organization to be keenly aware of in-house costs, both direct and indirect, so that user charges can be kept at a minimum.

OAS receives about 10 per cent of its funds from congressional appropriations and 90 per cent from charges to the DOI agencies for aircraft use. Each agency’s costs are based on prior use, known needs, and estimated flight time. The charges are adjusted each year based on operational costs. As 90 per cent of the organization’s funds come from reimbursed costs, OAS staff are actively monitoring program expenses.

4. Given the availability of cost and demand data, there is potential for cost comparisons of alternative acquisition approaches.

OAS representatives did not provide any examples of analysis of alternative acquisition approaches since a Forest Service study in 1992. However, staff felt that their extensive experience with the aircraft program, knowledge of the available contractors, and apparent satisfaction with the existing process among vendors indicate that the current supply method works well.

FINDINGS AND RECOMMENDATIONS

The Panel finds that a permanent analytical staff committed to acquisition management is essential to saving money, promoting collaboration on acquisition work and improving the overall acquisition process. The Panel further believes that formal interagency agreements provide a vehicle to expand joint efforts.

In essence organizing an acquisition program is similar to designing a house. There are different styles and designs. The key is whether the product meets the needs of the user. The land management agencies acquisition programs are organized in varying ways with authority and responsibility located in different levels of the overall structure. A common theme is decentralization and delegation to the field.

However, each has adopted a classic structure—headquarters with policy and oversight responsibilities, field with operations duties. There is a procurement executive in DOI and a similar position in the Forest Service. These individuals provide a broad management overview. Each agency in turn has a program director at the headquarters level. Acquisition management of the fire program is consistent with the way other procurement programs are managed. It is worth noting that in most cases “final” policy decisions result from negotiation and compromise between headquarters and field staff, including technical program personnel outside the acquisition function.

The acquisition management staffs have proven they can work together to address common issues much the same as the firefighting forces do during a wildfire. But, method of supply analysis occurs only occasionally. The analysis that is accomplished is achieved primarily through ad hoc efforts, task forces, or targeted studies in response to specific concerns. This lack of permanent analysis capability appears to be directly related to the reductions in acquisition management staff because it is considered “overhead,” and among the first functions to be reduced when personnel authorizations plateau or decline.

Generally, experience has demonstrated that the benefits from analysis exceed costs. The Panel recognizes that diverting existing personnel to method of supply analysis would penalize operations, a functional area that also has reduced numbers from years past.

Therefore, the Panel recommends that Congress appropriate sufficient additional funds to establish a continuing capacity to conduct acquisition analysis supporting wildland fire-related contracting. This includes designating a small number of contractor or federal employee staff of up to five each in the headquarters of the Forest Service and DOI, who will (1) evaluate what is being bought, how it being bought, the costs and benefits of alternative approaches, and (2) seek opportunities for improvement. These analytical staffs may consist of some combination of regular agency employees, non-traditional employees, and contractor resources. The Panel believes this effort should concentrate on the wildland fire program at the outset, but over time could address other acquisition areas as well. The Panel also believes that it is essential to strengthen a continuing institutional capacity for analysis of the land management agencies' acquisition programs, and that this represents a "best value" method to achieve savings in the wildland fire program. The Panel suggests that this capability be located in the DOI Office of Acquisition and Property Management and the Forest Service Incident Administration Branch of the Fire and Aviation Staff.

The Panel also recommends that, once established, the Forest Service and DOI method-of-supply analysis staffs meet jointly to (1) agree on general program management procedures, (2) define the composition of review teams, (3) establish commodity or service area leads, and (4) refine evaluation criteria. They should also jointly identify and prioritize candidates for detailed method of supply analysis. Business volume and potential cost savings should be the top factors that drive the selection of contract approaches.

The Panel notes that such an investment should be measured in terms of savings achieved. However, the time required to establish these analytical staffs, develop potential review candidates, and conduct the method of supply studies dictates that savings be measured not on an immediate annual basis but more appropriately over a multi-year period. Potential study targets must be identified, studies completed, presented to the host agency for approval, and then implemented, a process that can take a year or more. Further, the Panel recognizes that not all studies can be undertaken at once. It may take several years to complete and act on all of them, thereby delaying the savings.

Given this, the Panel recommends that, once established, the analysis staffs adopt a five-year plan that will result in method of supply studies producing a range of savings with a target goal of 10 percent savings measured against the annual business volume of each contract.

While the goal of achieving substantial dollar savings is laudable, there is a concern that once savings targets are established, attention and pressure will mount to achieve them. In the process, non-price features such as safety, timeliness, boosting local economies, and performance may be sacrificed in favor of a cheaper price. Care must be taken to emphasize that, while dollar savings are desirable, they should not be achieved at the cost of other important factors.

CHAPTER 4

DEMONSTRATION OF THE ANALYTICAL APPROACH

A demonstration is an analytical process that compares alternative methods of supply. In many respects, it is similar to taking a photograph. The subject has to be identified, the setting determined, the necessary tools gathered, the camera focused, and the film developed. The result is a picture.

A specific program goal, the equipment or services wanted, and the analytical tools and resources are all essential to successfully conduct a method of supply analysis. The result is a different type of picture than comes from a camera, but a picture nonetheless. It illustrates to management alternative approaches to accomplish an acquisition action. As such, it is a useful portrait for decision makers.

This chapter describes a method of supply analysis or review, showing the advantages and disadvantages of alternative acquisition approaches. It also provides recommendations, based on a review of how the land management agencies in the Pacific Northwest cooperatively implemented the National Fire Plan, designed to achieve further improvements in wildland fire acquisition activities throughout the U.S.

SELECTION OF THE DEMONSTRATION CANDIDATE

The Academy team reviewed, with input from agency representatives, some of the major contracts for equipment and services supporting the wildland fire program. From this review, a list of potential demonstration candidates was developed reflecting the various dimensions of the wildland fire acquisition world. That list¹² is as follows:

1. **Joint Acquisition of Wildland Fire-Related Services:** Evaluating the costs and benefits of the current interagency effort under the National Fire Plan (NFP) to expand joint acquisition into the area of services needed to support fuels management, rehabilitation and restoration activities. (The most recent fuels reduction congressional appropriation was for \$86 million.)
2. **National Contracts for Wildland Fire-Related Services:** Examining the costs and benefits of the national Mobile Food Service Contracts. (\$25 million)
3. **The Wildland Fire Cache System:** Balancing availability with the costs of handling and re-shipping fire-related equipment and supplies. (\$180 million)
4. **Maximizing Savings When Ordering Required Supplies and Services Using Established Sources:** Comparing costs with guarantees under Blanket Purchase Agreement's from GSA multiple award schedules. (\$2 million estimated)

¹² Detailed descriptions of each project are shown in Appendix C.

5. **Acquiring New Technologies such as Geographic Information Services:** Using established source contracts to assist in standardization among competing technological approaches. (\$1 million estimated)
6. **Fire-Related Facilities Construction Acquisition:** Evaluating costs and benefits of centralizing fire-related construction services. (\$24 million)
7. **Wildland Fire-Related Incident Car Rentals:** Defining the need and balancing the costs of long-term rental of a fleet with short-term rentals. (\$18 million)
8. **Non Fire-Related Incident Support:** Comparing open market costs for non fire-related incidents with established contracts. (unknown)

After consultation with congressional and agency staff, the Panel selected a review of the costs and benefits of the interagency efforts under the NFP. That decision was based, in part, on the following criteria:

- The candidate being dealt with lent itself in complexity to solution via a short-term demonstration effort.
- Sufficient data was available for the demonstration.
- The dollar volume of the candidate and degree of utilization across geographic and agency boundaries was sufficient to support a demonstration.
- The candidate lent itself to use of a model technique, e.g., arraying various methods of supply and attendant costs and benefits.
- A recommendation for no change supported by cost and benefit analysis was an acceptable outcome.

Early research indicated that cooperation and coordination among the agencies in the Pacific Northwest (PNW) provided good examples of how the land management agencies could achieve more at less cost when they work in concert than when they work separately. Accordingly, the Panel chose the PNW geographic area as the focal point of the NFP review.

NATIONAL FIRE PLAN REVIEW: CONTRACTING FOR NEW PURPOSES

In response to direction from the President, the secretaries of Agriculture and the Interior appointed in early 2000 an interdepartmental task force to respond to severe wildland fires, fire impact on rural communities, and to assure adequate federal firefighting capacity for the future. In August 2000, this task force proposed, and the two departments adopted, the National Fire Plan. NFP addressed five points: (1) firefighting, (2) rehabilitation and restoration, (3) hazardous fuels reduction, (4) community assistance, and (5) accountability.

Congress endorsed NFP with the FY 2001 appropriations acts, which greatly increased funds for the wildland fire agencies and authorized the use of contracts, grants, and cooperative agreements to accomplish hazardous fuels reduction, rehabilitation, and restoration treatments. The legislation and accompanying committee reports also provided new authorities and guidance in several areas. For example, the agencies were granted authority to use “best value”¹³ contracting approaches rather than be limited to the lowest bid.

While Congress did not mandate that NFP contracts be restricted to local vendors and personnel, the legislative language stated that whenever possible such contracting should be accomplished. “Local” was not defined, but the clear intent was to include private, nonprofit and cooperative organizations, Youth Conservation Corps crews, and partnerships with state and local units in the immediate geographic area where the fuels reduction work was to be done. Also, Congress urged that, where possible, the contracting be done with small or micro-businesses that would hire and train a significant percentage of local people to perform the work.

The Panel’s review addressed NFP actions and results of the land management agency efforts in the Pacific Northwest to answer these questions:

- How are hazardous fuels reduction services being acquired in the PNW?
- What are the costs and benefits of the alternative approaches being used?
- What has been the economic impact of NFP contracts on local communities?
- Are these approaches transferable to other areas of the country?

It should be noted that the land management agencies in the PNW contracted for fuels mitigation services long before the creation of the National Fire Plan and developed a considerable body of experience in this area.

Contract Options Vary by Agency

The federal menu of contract options available to agencies varies by agency and, in many cases, by program area within an agency. For example, the Department of Defense has long-term weapons research and development contract tools that are unavailable to the Department of Education. In the case of the land management agencies and their implementation of the NFP hazardous fuels reduction efforts in the PNW, they may currently chose from among variants of four methods: (1) spot buys for each project, (2) indefinite delivery/indefinite quantity contracts (ID/IQ) for individual land units, (3) ID/IQs for larger geographic areas, or (4) cooperative agreements with non-commercial partners.

¹³ Best value is an evaluation technique that allows contracting officers to consider not only price but other factors, such as past performance, in determining final contract awards.

First, they may conduct “spot” buys. That is, for each project they can advertise and invite bids from known suppliers, evaluate the responses, and award a contract for the specific job. The advantages of this approach for the land unit is that it has complete control over the project in terms of writing the contract and specifications, and can develop working relations directly with local suppliers. The disadvantage comes from having to go through the entire procurement process from start to finish for each equipment and services purchase.

Second, an individual land unit could establish an ID/IQ¹⁴ contract that includes a list of vendors available for use over the life of the contract. Individual projects are processed by inviting those ID/IQ suppliers to bid on the specific task, evaluating those bids, and issuing an award. The advantages of this approach are similar to the above option with the added value of not having to go through a complete procurement for each project.

Third, agencies within a specified geographic area can work together to establish ID/IQ contracts for use by all land units within the area. Again a list of suppliers is established, individual jobs are handled by seeking quotes from these suppliers, and awards are made to complete the task. These contracts can be written so that the vendor is required to accept an order, or as a basic ordering agreement where the vendor can elect to decline to respond to task order requests.

The advantages to the agency of this approach are that the basic set up work for the ID/IQ is done only once for all the land units. The disadvantage lies in the distance between the land unit and the contracting office, and the greater effort needed to “stay in touch” with the local situation in terms of supplier relations and specifications. The agencies, of course, all have to agree to the specifications written into the master contract.

For the vendors, this approach presents a larger potential market in terms of projects and land units. This type of contract can be written to include state and local governments, further expanding the potential market for suppliers.

For each of the above three commercial contract options, agencies can evaluate offers, for a specific task or from a general list, on the basis of price alone, a combination of price and past performance, or any other factors deemed essential to the process (such as required equipment, trained personnel, or willingness to hire local workers).

In addition to commercial contracts, agencies can negotiate cooperative agreements with state natural resource or forestry groups to accomplish fuels reduction projects. While these agreements usually require more involvement in terms of specification and oversight efforts, they do offer the advantage of lower prices because there are no indirect costs such as are generally applicable to commercial firms (rent, utilities, and other similar items).

¹⁴ An ID/IQ contract consists of multiple awards for an indefinite quantity of supplies or services furnished during a fixed period of time. Limits in terms of minimum and maximum quantities are given, and the government must order a stated minimum but not exceed the stated maximum. Deliveries or performance are scheduled by placing orders with the contractor. ID/IQ contracts are used when the requirement for supplies and/or services is recurring but the exact times and/or exact quantities of future deliveries are not known at the time of the contract. (Source: U.S. Army Corps of Engineers, Office of the Principal Assistant Responsible for Contracting, June 29, 2000.)

In terms of process cost to agencies, it is almost always cheaper to use a pre-prepared listing of suppliers than to go through the entire bid evaluation and award process each time. Process time for ordering is even less for cooperative agreements since there is only one choice, but such time savings may be negated at the other end by the substantial involvement of agency representatives in the actual conduct of the work.

Current Approaches in the Pacific Northwest

Four different contracting approaches¹⁵ are currently being used in the PNW to meet land unit needs for fuels reduction services. The two major geographic ID/IQ contracts resulted from dividing the PNW into two contracting groups, with BLM taking the lead on one area and FWS¹⁶ taking the lead on the other. Land units all follow the same basic procedure in setting up fuels projects in terms of the resource management staffs designing the project, obtaining necessary regulatory clearances, and forwarding the funded project to the local acquisition staff for implementation. The acquisition staffs then choose from the contract options discussed below. Both the BLM and FWS acquisition staffs engaged in extensive outreach efforts to locate firms previously not active in bidding on government fuels projects for the purpose of introducing them to the process of contracting for this government work.

The FWS-FS ID/IQ, initially issued for three years in late 2001, is similar to a blanket order arrangement where a listing of qualified suppliers is used for on-the-spot task order competition. Awards were made covering specific geographic areas within Oregon and Washington. User agencies include all five land management agencies as well as state and local government activities. The contract design and technical specifications were arrived at through use of an interagency work group designed to offset the distance disadvantage mentioned above.

In establishing the list of suppliers, offers were evaluated on the basis of price, past performance and ability to provide rural assistance by hiring and/or training local workers.

Task orders are awarded based on quotes received from two or three suppliers in response to the requirements of a fuels reduction project. Vendors offer a price per hour for the specific task (as opposed to a price per acre) and may elect to not respond to a request for quotes. The advantage for the vendor is that prices are bid on a specific job or task at the time of the task, rather than in advance. Task order closeouts sometimes include data from the vendor providing details on extent of local workers used.

The BLM ID/IQ uses a more formal approach where prices are determined in the initial contract proposal and there is no on-the-spot bid price competition. To accommodate bidders who must quote final prices on jobs yet unseen, BLM ranks tasks by level of difficulty. These rankings are described in the contract in terms of location, topography,

¹⁵ A national contract issued by the FS contracting group at NFIC for fire crew services includes NFP fuels project work; this review did not address these contracts.

¹⁶ The FWS group included FS staff, which explains why the ID/IQ is shown under the FWS-FS title.

types of vegetation, and similar conditions. Sample units are available for inspection during the bidding period to provide a visual impression of how the rankings translate into potential work to be done. The Portland BLM State office, working with the resource program staffs in the Lakeview and Medford BLM District offices, developed technical specifications for the fuels reduction tasks.

After reading the contract and viewing the sites, all contractors offer a fixed price per acre, linear foot, etc., as the basis for their project cost proposal. In that way, all work is pre-priced before seeing each actual unit needing treatment. Offers are evaluated on the basis of price and past performance. User agencies are limited to the five land management agencies.

BLM uses the Internet in two ways to support this approach. Performance ratings (e.g., excellent, fair, good, etc.) are assigned to each supplier based on known past performance and their technical proposal, and these are shown publicly on the web-based listing of suppliers, a practice unique among the PNW approaches. Secondly, BLM posts electronic spreadsheets of each vendor's award and price data on its web site. This enables the agencies to cost out their projects and expedite their task order process.

When fuels reduction projects are compiled into a task order, the Contacting Officer Representative (COR), the on-the-ground technical person, makes the level-of-difficulty decision for each item of work based on the parameters prescribed in the contract. Some subjectivity is involved in making that judgment. A vendor is selected based on the combination of price plus past performance. That firm is advised of the proposed levels of difficulty, and the locations of the units. The company reviews the units and may comment on items that the COR may have under-rated. The contractor and COR reach agreement on the levels to be used in the task order. Once issued, the vendor does not have the option of declining the task order.

The FS ID/IQ is limited to contracts for services at a particular national forest. A listing of qualified suppliers is compiled for use by the forest and final pricing is determined when the specific task order is prepared. Suppliers are not given the option of declining the task order. These "local" contracts are in the same geographic areas included in the FWS-FS ID/IQ but cover either additional types of work required (something related to stewardship contracts, for example) or different tasks (hauling, chipping, or similar tasks). In other words, they do not exactly duplicate the technical tasks covered by both the BLM and FWS-FS ID/IQs.

A Master Cooperative Fire Protection Agreement has been established between the State of Oregon Department of Forestry, the State of Washington Department of Natural Resources, and the five land management agencies in the PNW. Each of the participating agencies may place orders with any other participating agency for emergency fire preparedness, fire prevention, fuels management, fire suppression, and related services. The terms of the agreement call for reimbursement of costs, and the state cannot earn a profit. Consequently, prices are lower than commercial contract prices, where profit and risk for fixed-price work pushes prices up.

Agency Perspectives

The Panel believed it was important to obtain agency perspectives on the different options since any savings from them would not be realized if the customer agencies did not use them. Therefore, comments on the utility of these approaches were obtained from representatives of the land management agencies. They described their experiences in accomplishing fuels reduction projects using them, how easy or difficult they found the process, and what suggestions they might offer for improvements. These representatives were in two categories: acquisition staff and land unit resource managers. Appendix E contains the full list of comments.

Generally respondents broke down into three groups: those using the FWS-FS ID/IQ, those using the BLM ID/IQ, and those choosing to issue their own contracts. Each had reasons for their preference (e.g., some preferred the more formal BLM approach, some did not see their local suppliers listed). The third category, however, represents the target group for savings, since that group is still expending time to establish their own individual contracts. As shown below, however, the direction of this group is toward increased use of ID/IQ vehicles. With regard to the Master Cooperative Fire Protection Agreement, agency personnel stated that the Oregon Department of Forestry has been used successfully for fuels reduction work. However, use has been limited because of unclear direction on when ID/IQ contracts or the Master Cooperative Agreement are applicable.

While there were some individual concerns and questions about use of these ID/IQs, overall opinion of their benefits was positive. One Forest Service representative put it this way:

“So (even with its faults) the BLM contracts are a useful tool for us to have at our disposal. Also, when more contracting officers realize these contracts are at their disposal and utilize them, they will see that using them is a piece of cake and will use them more. Many of the contracting officers within the Forest Service grew up inside the Forest Service and think their way is the best and only way. To my way of thinking, we (the Forest Service and Interior agencies) are becoming more seamless in the contracting arena, and I personally like it a lot and want to see even more shared contracts.”

Vendor Feedback

The Panel also believed that an important factor in the NFP program in general, and the particular contract formats used in the PNW, was the economic impact of the contracts. Therefore, vendors were asked similar questions as customer agencies, but with an additional emphasis on the economic impact of the NFP fuels contracts compared with previous fuels contracts. In other words, did the ID/IQ method of supply technique with an emphasis on rural assistance achieve the hoped for economic impact? Vendor reactions were as follows:

Opinions on the economic impact of the NFP contracts fell into two categories. One group believed the new funds have resulted in more fuels projects with consequential increases in hires. Another group believed the NFP has not resulted in significant increases in projects or new hires.

In particular, several of the ID/IQ vendors mentioned that, having gone through the evaluation process and being listed, they expected to receive orders. When no orders were forthcoming, the hoped for benefits of the NFP contracts were not reaching them. Expectations of business were raised but not realized, generating in some cases a feeling of bitterness. All agreed that stability in funding is needed so projects come along at a steady rate, allowing time for proper planning for both hiring and the work. Comments were made that a performance measure dealing with the economic impact on communities from the NFP contracts would be useful.

1. All vendors are heavily dependent on government business now that the volume of commercial logging in the PNW is so small. The mix between government and private work previously was more balanced. Given the lack of commercial business, those firms not getting any orders under the ID/IQ (item # 1) are put into an unfavorable position.
2. There appears to be a lack of consistency over what constitutes “local.” Some vendors say they hire on-the-spot locals, while others talk of transporting the workers across the state for jobs. All agree that for work involving fire, the emphasis should be on having properly trained workers.
3. On the BLM approach, a firm not the low-bid vendor on the list is in the position of not getting any business, but still having to be ready just in case it receives an order. The overhead expense to stay “ready” in case an order is received is perceived as a problem.
4. Vendors are universal in their preference for the “best value” approach over using low bid. Several vendors mentioned old problems of unqualified vendors “lowballing” a competition. However, often in the task order process, price is the determining factor among those being asked to submit a quote.
5. One vendor mentioned that there is a disconnect between the desire for vendors to grow and prosper and the fact that once they become a large business, they are essentially out of business because most fuels work is set aside for small business.

FINDINGS

Based on the above material, the Panel finds that:

1. **Method of supply study candidates.** The eight potential demonstration projects provide the basis for method of supply studies that should result in cost savings.
2. **Interagency partnering.** There is a high degree of cooperation and coordination among the land management agencies in the Pacific Northwest, due in part to the “Service First” effort in the PNW and resulting cross fertilization among the groups. Having worked in two agencies seems to help considerably in forming consensus work groups. Being responsive to other agency needs by taking responsibility for a contract is a “best practice” for use in other areas.

3. **Costs and benefits of the shared ID/IQ approach.** While there are some concerns about the contracts (such as a preference for locally developed specifications), users agree it is less expensive (and faster) to issue a task order than to go through the entire contract process individually. Contracting officers appear to be aware of cost and pricing issues, establishing competitive ranges, and being aware of bid prices from among different contracts for similar work.
4. **ID/IQ approach for new or small suppliers.** Several small suppliers expressed dissatisfaction with the large ID/IQ approach due to the lack of business received. While the ID/IQ approach offers benefits to users in terms of lower process costs and suppliers in terms of a wider market potential, it does not meet the needs of the new and developing supplier. To be listed among a large group of established suppliers would seem to help, but when task order decisions are based on price and past performance the new small business firm often does not get much business.
5. **Flexible approaches.** While the interagency cooperation element should be emulated elsewhere, there should be a recognition that fuels work not be approached under the “one size fits all” principle. There may be valid reasons for different parts of the country to adopt a different contract package approach to achieve the same results. Some of the reasons requiring flexibility in contracting approaches include different topography, vegetation types, weather, fuels conditions, history of fuels management, community interface factors, and population concentrations.
6. **Economic impact of NFP contracts on local communities.** In implementing the NFP in the PNW, there has been an emphasis on using small local firms, as Congress intended. To account for the uneven distribution of fuels reduction vendors in the PNW, a broad definition of “local” has evolved to cover companies located within the state. The contracts for NFP work do not seem to have changed the mix of fuels reduction firms in the PNW. As with any contracting situation, there are winners and losers in terms of task orders being awarded for fuels work. This, coupled with the sporadic nature of local contract funding, makes it difficult to attribute a substantial economic impact to the NFP contracts (e.g., new hires), and the preference for using local personnel.
7. **Definition of “local” suppliers.** There is confusion among the agencies and the suppliers about the meaning of “local.” For example, some believe that “local” means in-county while others support in-state as meeting the requirement.
8. **Master cooperative agreement.** The use of a master cooperative agreement including Oregon and Washington appears to be an effective and economical technique to facilitate use of state forestry groups in fuels management projects. Such participation by these organizations assists the joint federal, state, and local efforts to address fuels management on a broad, intergovernmental basis. This participation could be enhanced by criteria to guide land units in deciding when to use cooperative agreements for fuels work. Possible criteria that suggest use of a cooperative agreement could include:

- Fuels projects are located on land that is contiguous to state or local government land.
- There are no fuels ID/IQ vendors available in the immediate area for the work.
- The task that is to be completed is not included in the fuels ID/IQ contracts (e.g., mapping of local interface communities).

RECOMMENDATIONS

Recommendations to the Wildland Fire Leadership Council:

- **The Panel recommends that the Wildland Fire Leadership Council:**

Direct the agency acquisition staffs to study the candidates for savings identified in this report, consistent with available resources.

Consider the lessons learned from the cooperative approach successes in the Pacific Northwest implementation of the NFP, and determine their viability in other locations throughout the country. In doing so, they should carefully consider whether or how to use the FWS-FS ID/IQ or the BLM ID/IQ models for application elsewhere. The Panel recognizes that the ID/IQ contract method of supply for the fuels treatment program is currently ongoing and increasing throughout the nation, not only in Oregon. For example, within the past year the BLM National Business Center, located in Denver, awarded over 60 fuels treatment related ID/IQ contracts covering the Western U.S. and from which all wildland fire agencies can order. However, the Panel cautions that a “one-size-fits-all” approach may not always be appropriate.

Require all regions and units of the land management agencies to improve their internet/web sites for NFP contract actions. The Academy recognizes that many regions and land units have established web sites, but found those in the Pacific Northwest to be especially user friendly and comprehensive, and recommends that they be utilized as models. Further links with a national web site may be warranted consistent with electronic government (e-gov) principles.

Recommendation for the Forest Service and the Department of the Interior:

- **The Panel recommends that the Forest Service and the Department of the Interior continue to emphasize the process of breaking tasks into sub-groups to facilitate sub-contracting to new and developing suppliers.** This should assist in achieving the goal of bringing in new small business firms. In addition, use of SBA section 8(a) set-asides and Hub Zone restricted procurements are more appropriate instruments for these types of suppliers than use of large ID/IQ contracts.

CONCLUDING COMMENTS

Five basic themes form the foundation for this report.

1. Method of supply analysis is the keystone for constructing a sound and complete wildland fire procurement program. It should be the first tool acquisition management staffs use when searching for cost containment and improved program operations.
2. The land management agencies currently lack the capacity to continually and consistently conduct method of supply projects. This missing component should be established and maintained.
3. The successful partnership among the federal agencies in the Pacific Northwest provides a roadmap for other locations to follow in building blended staffs to achieve common goals.
4. The Panel recognizes that several factors beyond the control of the wildland fire program acquisition management staffs materially affect how they do business. Such things as congressional mandates for directing contracts to local vendors, supplemented by OMB and agency performance goals to issue contracts to small businesses, safety, timeliness of needed performance, and budget constraints frequently need to be taken into account by acquisition managers.
5. The Panel understands that the land management agencies face a multitude of competing priorities, and therefore believes that the Wildland Fire Leadership Council has a critical role to play as the management accountability focal point for ensuring that the necessary steps are taken to develop and implement an agenda of method of supply improvement projects as well as to build on the acquisition successes in the Pacific Northwest.

PANEL AND STAFF LISTING

Frank Fairbanks,* *Chair*—City Manager, City of Phoenix, Arizona. Former positions with the Phoenix City Manager’s office: Management Assistant, Executive Assistant to the City Manager; Assistant City Manager. Former Volunteer with the Peace Corps and Teacher at the Universidad de Costa Rica.

Allan V. Burman—President, Jefferson Solutions. Former Administrator for Federal Procurement Policy under Presidents Clinton, Bush, and Reagan. Has provided acquisition reform training and/or consulting services to a number of Federal agencies, including the National Institutes of Health, the Bureau of the Census, and the Departments of Education, Housing and Urban Development and Defense. Has also advised Congressional, Federal and other public and private entities on management and acquisition reform matters. Authored the Federal policy encouraging the use of performance-based contracting as a favored approach for services contracting.

Gail Christopher*—Guest Scholar, the Brookings Institution, Government Studies Department, and former Executive Director of the Institute for Government Innovation, Harvard’s John F. Kennedy School of Government. Former Co-Chair, Advisory Board, Alliance for Redesigning Government, National Academy of Public Administration; National Director and Creator, Americans All K-12 National Multicultural Educators Training Program; Associate for Development and Program Design, School of Divinity, Information and Services Clearinghouse, Howard University; National Director and Principal Architect of the National Reclaim Our Youth Violence Prevention Program; Executive Director, Family Resource Coalition of America. Member of Vice-President Al Gore’s Advisory Commission on Customer Service.

Patrick Kelly—President, PJ Kelly Consulting; Former U.S. Forest Service positions including Assistant Director, National Fire and Aviation Program; Regional Aviation Officer, Pacific Northwest Region; Air Center Manager, Redmond, Oregon.

Lyle Laverty—Director, Colorado Division of Parks and Outdoor Recreation. Former Associate Deputy Chief, U. S. Forest Service; Other Forest Service positions included Director, Recreation, Heritage and Wilderness Resources in Washington, DC and the Pacific Northwest Region; Forest Supervisor, Mendocino National Forest in Northern California.

Keith F. Mulrooney*—Consultant. Former Special Assistant to the Administrator, Federal Highway Administration, U.S. Department of Transportation; Executive Director, American Society for Public Administration; Urban Management Consultant; City Manager, City of Alexandria, Virginia; City Manager, City of Claremont, California.

* Academy Fellow

Paul L. Posner*—Director, Federal Budget Issues, U.S. General Accounting Office. Former positions with U.S. General Accounting Office: Assistant Director, Intergovernmental Relations Group; Associate Director for Tax Policy and Administration; Former position with New York City; Director, Federal Program Review, New York City Budget Bureau.

Charles Wise*—Professor, School of Public and Environmental Affairs (SPEA), Indiana University. Former responsibilities with the School of Public and Environmental Affairs, Indiana University: Associate Dean; Associate Professor; Assistant Professor; Director, Graduate Programs in Public Affairs; Director, Undergraduate Programs in Public Affairs. Former positions with the U.S. Department of Justice: Director of Intergovernmental Affairs and Special Assistant for Policy Analysis.

STAFF

J. William Gadsby—*Responsible Staff Officer*. Director, Management Studies, National Academy of Public Administration; project director on several recent Academy studies. Former Senior Executive Service; Director, Government Business Operations Issues, Federal Management Issues and Intergovernmental Issues, General Accounting Office.

Bruce D. McDowell—*Project Director*. President, Intergovernmental Management Associates. Former positions with U.S. Advisory Commission on Intergovernmental Relations: Director of Government Policy Research; Executive Assistant to the Executive Director; Senior Analyst; Analyst. Former Director, Governmental Studies, National Council on Public Works Improvement. Former positions with the Metropolitan Washington Council of Governments: Director, Regional Management Information Service; Assistant Director, Regional Planning; Director, Program Coordination.

Charles V. Hulick—*Senior Consultant*. Management consultant, National Academy of Public Administration. Former positions at Federal Supply Service, General Services Administration: Assistant Commissioner for Quality and Contract Management, Assistant Commissioner for Procurement, and Director of Acquisition Planning.

W. Patrick Nobles—*Senior Consultant*. Management Consultant, National Academy of Public Administration and Independent Consultant in human resources and organizational management. Former positions as Management Analyst and Deputy Director of Personnel, U.S. General Accounting Office, Group Director and Deputy Director of Headquarters Personnel, National Aeronautics and Space Administration, Management Analyst with the Chief Financial Officer, DC Government Office of Tax and Revenue.

Martha S. Ditmeyer—Project Associate. Program Associate, National Academy of Public Administration, Management Studies. Former staff member of the Massachusetts Institute of Technology and of the Communications Satellite Corporation, Washington, D.C. and Geneva, Switzerland.

* Academy Fellow

ROLES, RESPONSIBILITIES AND STRUCTURE OF THE ACQUISITION MANAGEMENT OFFICES

This Appendix contains descriptions of the roles and responsibilities of the acquisition offices within the land management agencies.

Department of the Interior

- **DOI Procurement Executive**

The DOI procurement executive develops and issues acquisition management policy for the Department. This office sets the standards for contracting officers, coordinates the acquisition training activities within and across the DOI bureaus, is the system owner for the DOI contract writing and reporting system, and is responsible for compliance reviews. It exercises oversight for small business issues, is responsible for determining debarred and suspended bidders, and competitive sourcing issues for the department. It coordinates the DOI balanced scorecard approach (as it relates to A-76), and the charge card, construction/capital planning acquisition activities. The procurement executive clearly has broad responsibilities; but as a staff, not line, position. The role, at best, is advisory. Thus, the executive has limited authority to direct or implement changes. Acquisition personnel in bureaus report to the bureau chiefs, who set the priorities and assess performance. Policy development is a product of negotiation among the various agencies. Procurement and contracting operations are at the bureau, and below, levels.

- **Bureau of Land Management**

The head of the BLM acquisition office has neither supervisory nor operational responsibilities, but is responsible for providing policy guidance and oversight to field activities. The manager determines what and how the acquisition work will be accomplished through changes to the agency policy manual and the guidance of the senior contracts manager at the headquarters level.

BLM calls its “regions” state offices, and some of them cover more than one state. Within the state offices are districts, the lowest organizational level. Generally, BLM delegates operational management authority to the state and local units. State offices and local land units carry out their programs based on their own priorities and needs. However, the BLM acquisition function is organized somewhat differently from the operating programs. Acquisition staff are located in each of the state offices and at most of the districts. But their contracting authority is limited to \$100,000 at the state level and \$25,000 for the districts, with two exceptions – the Colorado and Oregon (which includes Washington) state offices.

These two state offices, located at Denver and Portland, have unlimited contracting authority and are considered “lead offices” for parts of the fire program. For example, the Denver staff has issued national, government-wide contracts for fire-related equipment or supplies. This organizational structure resulted from a mid-1990s study.

Denver organizes acquisition staff into four sections: information technology, general supplies and services, construction, and leasing. Portland uses a geographic basis for work assignments. That is, a contract specialist supports all activities within a defined geographic area regardless of commodity involved. The other state offices use variations on these two themes, but there is no standard or prescribed operating mode. BLM management seems satisfied that the different models work and that uniformity is not important.

- **Fish and Wildlife Service**

FWS follows the decentralization pattern of the other land management agencies. It has a headquarters, eight regions (nine when including the Washington office), and refuges scattered throughout the country. The FWS acquisition program is organized differently from BLM. The FWS acquisition manager has both policy and operational responsibilities.

The headquarters office is organized into three branches:

Policy and Information Management interprets Department acquisition policies and regulations, establishes FWS acquisition policies and procedures, manages the FWS part of a Department acquisition data system, provides FWS warrant administration, issues management control reports, and is responsible for credit card administration.

Acquisition and Assistance Operations is responsible for contract award and administration, grant awards and administration, simplified acquisitions, award closeouts, field reviews, the National Fire Program, and Federal Finance System interface.

Facilities and Property Management functions are facilities management, vehicles management, quarters management, space management (leasing, budget, etc.), warehouse/moves, property management, and waste prevention and recycling.

In short, the acquisition director has dual responsibilities: first to set national policy and conduct oversight for the eight regions and, second, provide the operational support, including facilities management and other administrative services, for the headquarters office located in Arlington, VA. They do no fire-related work in this office beyond the purchase of a few fire trucks at the end of each fire season.

The regions use differing ways to organize the acquisition work, some by commodity and others by geographic area of responsibility. Construction is the biggest player in most locations so they generally have a contracting officer specializing in that area. The regions have unlimited warrant authority. The refuges' procurement authority range from \$5,000 to \$10,000. Regional offices do oversight reviews of the refuges' operations. Several, but not all, regions have a funded position for fire-related acquisitions. These individuals may do other work, but their principal assignments are for fire.

FWS uses a matrix-type approach for fire program acquisition. The refuges have considerable latitude and authority over their operations. Priorities are determined in the field, not headquarters. There is no roll-up of projects, no master plan.

FWS, like BLM, has no set standards that determine what contracts move up the chain or why. It is based on manager judgment. Headquarters encourages broadening the coverage of contracts whenever possible, but there is no established policy for this.

- **National Park Service**

Occasionally described as the most decentralized bureau in DOI, the NPS acquisition program mirrors other functional areas. It has a headquarters office consisting of three branches, two located in Denver – a policy branch that issues warrants, writes NPS acquisition policy, interprets and coordinates DOI policy, and provides other policy-related direction; and an operations branch that provides buying support across NPS as needed. The third unit is a buying branch in Washington, D.C. primarily responsible for supplies and services for NPS headquarters facilities and personnel but not including National Capital Region acquisition support.

The NPS has seven regions. The regional procurement staffs report to the regional managers. The parks also have acquisition personnel. NPS has approximately 460 warranted contracting officers and 50 major buying offices. The larger parks have contract officers with unlimited warrants and essentially operate independently. NPS also operates the Denver Service Center that provides centralized planning, design, and construction project management for the national parks and regions, and the Harpers Ferry Service Center that is more involved with training and supply contracts involving interpretation of park and wildlife programs. The acquisition staffs report to the center directors. However, NPS's acquisition chief "manages" ID/IQ contracts issued at each location.

Three western regions have most of the wildland fire activity. Also, the fire program is managed differently from others. This is based on funding and on NPS culture. Historically, there has been a strong belief that only employees can execute fire projects. Contracting was not often perceived as an option. NPS hired seasonal staff to do prescribed burns, not contractors. The local autonomy complicated coordination and consolidation of contracting efforts that might improve efficiency and economy. This is changing with the addition at the headquarters level of a senior contracting officer whose primary role is to coordinate the NFP fire acquisition efforts.

The current NPS acquisition director, selected early in 2003, is stationed in Denver, not Washington, D.C. She plans to supplement the policy staff with a senior procurement analyst in the Denver office to focus on fire. This position would be funded with wildland fire program money. The incumbent will coordinate fire-related policy, work with the regions and parks on acquisition issues, and generally coordinate the nation-wide fire-related acquisition program, including providing analytical and evaluative support. The initial priority for this person will be to coordinate NFP acquisition efforts.

Similar to the other DOI bureaus, NPS regions and parks organize acquisition work differently, some by commodity and some by geographic area. Priorities are established at the local level, not at the regions or headquarters.

The decentralized approach causes difficulty in readily obtaining acquisition data. Some is available through the DOI IDEAS system, but it does not encompass all of the contracting activity. Existing internal financial systems do not close the gap. Some of the regions have their own financial codes. Often, data needed by the policy staff has to be manually gathered and analyzed using spreadsheets.

- **Bureau of Indian Affairs**

The BIA acquisition program was in the process of a major change in early 2003. Congress and the appropriate BIA and DOI offices had approved a reorganization plan that would transform the function from a highly decentralized to an almost totally centralized one, with the exception of local tribal program activities. This stands in stark contrast to how the other land management agencies' acquisition programs operate.

Prior to the reorganization, the BIA acquisition program had 14 major offices and another 45 smaller units at approximately 60 locations in 12 regions and in the Office of Indian Programs (Indian education) and the Office of Law Enforcement. There were slightly over 100 contract officers, some with warrants limited to \$100,000 or less but most of those located in the larger units had unlimited warrants.

The reorganization plan provides the authority to change how the acquisition program is managed. All of the procurement personnel in the field locations will report to the bureau acquisition director. The initial plan includes reducing the number of warranted staff and geographic locations, establishing "Centers of Excellence" for various specialties (such as information technology, construction, etc.), and materially improving the training and development of acquisition personnel. Specific target levels had not been established, but would evolve as internal politics and quality of the procurement staff permit. This means that changes will move faster at some locations than others. BIA management expressed awareness of the need to move slowly because of the traditions and culture of the agency and its employees.

For the 2003 fire season the acquisition director committed eight contract officers for 14-day intervals to provide on-site incident support to the Buying Teams on Incident Management Teams. This was in response to a request from NIFC officials. This was viewed as an experiment and will be evaluated at the end of the fire season.

Most wildland fire funding in BIA, and most of the procurement effort, goes directly to the Indian tribes for action under PL 93-638. This does not include suppression funds, which are covered in part by supplemental appropriations, as is the case for all of the land management agencies. The fire program is not one of the major activities for the acquisition program staff. There is limited oversight of tribal procurement operations. BIA's general management internal information system is not well developed or maintained, and has been severely affected by a lawsuit concerning management of Indian trust funds. Acquisition staff has to depend primarily on IDEAS, the DOI-wide system. Because of data entry errors and failures, the BIA information is not considered fully reliable. The result is weakened analytical tools for acquisition program oversight.

USDA-Forest Service

Acquisition Management Director

The Forest Service Acquisition Management Director develops and issues acquisition management policy for the Forest Service (within a framework prescribed by Department of Agriculture policies and regulations). The Forest Service Acquisition Management Director sets the standards for contracting officers, coordinates acquisition training activities within the Forest Service, and is responsible for compliance reviews. The office is responsible for oversight of small business issues, acting on disbarments, and coordinates competitive sourcing issues. It is a staff, not line, position and provides an advisory role. The Forest Service decentralized culture – most of the large national forests have contract officers with unlimited warrant authority – materially affects the nature of the position. Policy development appears even more a product of negotiation with field units than noted in the DOI.

Forest Service Acquisition Management

The Forest Service acquisition organization is the most wildland-fire-engaged unit among the land management agencies' acquisition programs. Fire represents a significant role in the Forest Service, and its place in the procurement program reflects that. The Forest Service administers the national contracts – related to aviation, retardants, crews and national food services – for the federal government's suppression efforts.

Having stated that, the Forest Service organization structure and culture are strikingly similar to that of the other agencies – except for the national contracts, highly decentralized and with authority delegated to the regions and local units.

The Forest Service Acquisition Management Office consists of the immediate office of the director with a small administrative staff, an assistant director for operations with three branches – the Washington Office (WO) Operations branch, the Fire & Aviation Support branch, and the Grants and Agreements branch. An assistant director for policy has two branches – Policy and Property/Facilities Management.

The Fire and Aviation Support Branch, located at the NIFC in Boise, manages the national contracts involving the fire program. The WO Operations Branch executes the non-fire parts of the Forest Service procurement program. The Operations branch chief for Grants and Agreements has both operational and policy responsibility for the subject activities because of their specialized nature. The Policy Branch coordinates department-level requirements and develops and issues Forest Service specific policies, including fire-related matters. However, no one in this branch specializes on fire; various staff members share the responsibility.

The regional and forest acquisition staffs report to managers at their assigned locations, not to headquarters. As is true of the other land management agencies, it is primarily a stovepipe organization based in large part on the historical culture of field independence and autonomy. Delegated warrant levels vary. The large forests have on-site, or access to zoned, contracting officers with large dollar warrant authority. The regions have three basic functions: NFP,

emergency equipment rental agreements, and supplying procurement personnel for staff on IMT Buying Teams.

There is no common pattern for how the regions or forests organize the acquisition function. Some do by commodity, some by geographic area and some by both. A few have such a small staff that work is assigned as it comes in the door. Fire acquisition work in regional offices consists of setting up emergency equipment rental agreements (EERAs) for the geographic area, National Fire Plan contracts for fuels management and rehabilitation, and other individual fire-related requisitions. A fairly common practice among the regions where there is a specifically designated contract officer for fire is for that person to also be responsible for region-wide EERAs, aviation, and fire-related blanket purchase authorities (most of these are normally at the zone or forest level). This individual frequently serves on an IMT during the fire season, which leaves the administration of contracts to a backup or whoever is available. This in turn reduces the time available to conduct local method-of-supply analysis; the contract specialist is under pressure to get contracts issued before and after the fire season so that they will not be in suspense during the time he/she is away on a fire. Field staff report that they are pressured to issue contracts, not conduct analysis for potentially lower prices.

The Resource Ordering and Status System (ROSS), the management information system may prove to be an excellent tool for analytical efforts. But until it is thoroughly tested and fully functional, data are not readily available. The combination of the traditional decentralized structure, stovepipe mentality, and limited staff discourages proactive innovation and encourages focusing on operations.

Some Forest Service regions reportedly work well with the DOI land management agencies' personnel, and some forests within some of the regions have developed very close, coordinated and cooperative relationships with counterparts in DOI. There are locations, however, where the staffs work in the same building but "refuse to walk across the hall to do things together."

DEMONSTRATION MODEL PROJECT DESCRIPTIONS

Details on each project are shown below, including a brief description of the pros and cons relating to the selection of that item as the demonstration project. The Panel and the agencies used this information to decide which demonstration project to focus on in this study.

1. Joint Acquisition: Evaluating the costs and benefits of the current interagency effort under the National Fire Plan (NFP) to expand joint acquisition into the area of services needed to support fuels management, rehabilitation and restoration activities.

Approach

A strong culture of independence exists within each of the land management agencies, which can inhibit analysis related to acquisition work aimed at standardizing requirements and using a uniform approach. However, the agencies have shown they can work in a collective fashion on acquisition issues as evidenced by the approach now being used in implementing the provisions of the NFP. This approach consists of the following:

Inter-agency teams of contracting officers to develop model statements of work

Establishment of lead agency and contracting officers for each Geographic Area Coordinating Group

Establishment of geographic area-wide Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts for use by all agencies

Use of a web site to share award information

This approach can be evaluated to determine how effective it has been, costs and benefits, and whether it could be expanded and applied to other efforts that would further enhance the acquisition of products and services by the five land management agencies.

Has the degree of inter-agency coordination been achieved as hoped?

Is there evidence in terms of successful contract awards using the model statements of work?

Has the approach been cost effective?

How could this process be expanded to include non-NFP fire-related acquisition products and services?

Pro:

- Much of the fire-related acquisition work now being done involves the NFP program. As such, efforts to evaluate this approach should receive immediate and broad recognition across the agencies.
- Non NFP-related method of supply projects such as consolidation of requirements within or across agencies meet stiff resistance from program staffs because of the well-established independence of field units. A method to overcome this attitude is essential to any improved method of supply analysis techniques, whether for fire or any other program.
- The NFP approach represents a discrete attempt to place contracts with local small business firms. An evaluation of the effectiveness of this approach would inform other fire acquisition programs on this issue.

Con:

- This project seeks to evaluate a collective approach being used among the agencies. While such an approach is essential to method of supply analysis both within and across the agencies, it is not a method of supply demonstration.

2. National Contracts: Examining the costs and benefits of the Mobile Food Service Contracts

Current Method of Supply: The Forest Service (FS) contracting staff located at the National Interagency Fire Center (NIFC) maintains national contracts for fire support services such as commissary, fire retardant, food and shower services, and engines and crews

The FS Mobile Food Service Contracts call for caterers to provide tasty, well-balanced hot and cold meals for personnel involved in fighting wildland fires in the western United States and Alaska. These requirements-type contracts obligate the government to place orders when more than 600 meals are anticipated for the duration of the incident. The national contractors are reasonably available, and the Incident Management Teams place orders through dispatch channels to the National Interagency Coordination Center (NICC) at NIFC. The FS Boise National Forest processes all payments for services provided under these contracts.

Purpose of Demonstration: Examine a national resource contract to determine if there are opportunities to improve the contract in terms of scope, supplier base, prices offered, and quality of service being provided.

Approach:

Address each of the following areas to determine if the current method is optimal, and if there are opportunities for improvement.

Contract Scope: Should the state coverage be expanded in view of potential use by non-fire incidents located in eastern states? What, if any, is the need for mobile food service throughout the country?

Mix of government versus contractor support: At least two states (California and Montana) have demonstrated they can provide similar services at cheaper costs by using in-house personnel. Should this approach be considered as an alternative to the current 100 percent outsourced approach?

Supplier base: Is there an adequate supplier response to this requirement? Are there changes in the scope or format that might facilitate increasing the supplier base for this service such as changing the threshold level?

Adequacy of contractor support: There is no current needs analysis that indicates the numbers of caterers needed to support the wildfire suppression program. Are there enough, too many or too few caterers? Are the numbers, locations and quality of the caterers adversely affecting fire suppression objectives?

Method of payment: Currently caterers are not paid until they are assigned to a wildfire and begin feeding firefighters. Does this system result in unnecessarily high catering costs?

Use of Best Value: Is there a way to incorporate best value principles into the catering contracts?

Use of Incentives: What incentives are there for a caterer to perform in a superior manner?

Pro:

- Contracts for national resources at NIFC represent substantial dollar volumes, and as such, present opportunities for dollar savings through method of supply changes.
- This particular area could be expanding due to the increasing non-fire related IMT participation.
- Data gathering would be simplified since there is one contracting office and historical information should be complete and readily available.
- The process used should be applicable for other national contracts at NIFC such as retardant, engines and crews, and commissary services.

Con:

- National contracts, such as the catering contract, represent a major method of supply choice that has already been made. Improvements within the current method of supply choice will not likely change the use of the national contract method, but

could modify the particular contract format in terms of scope, billing, and incentives for improved supplier performance.

3. The Cache System: Balancing availability with the costs of handling and re-shipping fire-related equipment and supplies

Current Method of Supply: There are 11 cache locations nationwide which store and issue wildland fire equipment and supply items. Suppression supplies and equipment are ordered from various supply sources (principally GSA) by the caches or acquired by reshipment between and among them. The reshipping process increases as the intensity of the fire season grows. During a fire, IMTs order from the nearest cache having the needed equipment and supplies. Equipment items are returned to the cache system after the fire is suppressed. A number of items are stocked only at one location. Total cache inventory: \$180 million; amount of reshipment, unknown; projected savings, unknown. Many of the cache items are ordered from GSA Federal Supply Multiple Award Schedules. In some cases, blanket purchase agreements are established to obtain increased discounts, and in some cases re-supply purchases are made without the benefit of such agreements. Multiple suppliers are often used in this process for similar items.

Purpose of Demonstration: Assess extent and costs of reshipping equipment and supplies and offer alternative methods, such as direct delivery. These include both “expendable” items (forms and batteries) and non-expendable items (radios, Pulaski tools, tents, and knapsacks). Evaluate prices being paid for items ordered from GSA schedules and ensure receipt of the best BPA discounts. Examine opportunities for standardized requirements among multiple suppliers. Finally, analyze the single point stocking patterns to determine if cost figures (extensive handling and reshipping costs) justify this method.

Approach:

Gather available data to measure the frequency and volume of items being reshipped as a method of supply; show costs of each reshipment in terms of handling and transportation; project alternative costs with direct delivery approach, or other methods such as non-stock as well as projected storage costs. If data not available, make informed estimates where needed, e.g. staff time spent reshipping. (Note: The costs and benefits of the equipment return program are considered to be beyond the scope of this project.) Using a sample of items, review the BPAs from GSA Schedules and determine the level of discount. Analyze shipping costs for single location stock items.

Pro:

- The cache system has not been examined as an entire system; each cache tends to run itself. An analysis of the costs and benefits of alternative approaches for this method of supply can serve as an example for future such analyses.
- There is no current effort dealing with analysis of the cache system

- There is excellent data available since the caches use similar and compatible computer systems, with the exception of the Alaska cache managed by BLM.

Con:

- Opportunity cost; since the cache system deals only with equipment and supply items, the services section related to wildland fire would not receive any method of supply analysis.

4. Maximizing Savings When Using Established Sources: Comparing costs with guarantees under Blanket Purchase Agreement's (BPAs) for fire-related items and services from GSA multiple award schedules.

Current Method of Supply: Many fire-related items and services are acquired from GSA schedules, sometimes using BPA's to obtain better discounts, on other occasions ordering via the government credit card. In most cases, there has been little effort to standardize requirements around a smaller number of suppliers, and thus achieving better discounts.

Purpose of Demonstration: Show how analysis of repetitive needs can result in better discounts for an individual activity, within a bureau, and across the five land management agencies.

Approach:

Using the Denver BLM procurement office, and similar information from the FS, obtain and analyze GSA schedule BPA data to isolate the high volume repetitive items. Analysis should determine best opportunities for requirements standardization. Design BPA's for these incorporating requirements for either individual activity, bureau, or across the five land management agencies.

Pro:

- Use of BPAs in the fire-related acquisition arena is considerable, and opportunities for price discount improvements through standardization will be plentiful. A demonstration highlighting this can serve as an incentive for immediate future use across the system

Con:

- Obtaining information and assistance from program staffs may prove difficult. Immediate reaction may be “What’s the problem here? We are happy with our suppliers and the current situation. Why change?”

5. Acquiring new technologies: Using established source contracts to assist in standardization among competing technological approaches

Current Method of Supply: Geographic Information System (GIS) will be used for demonstration purposes. GIS support is a mix of government staff and contractor services. When contractor support is needed, GIS services are obtained at the unit level using local sources or the GSA schedule for environmental services that includes GIS. The BLM (Denver) has set up six BPA’s from that schedule. There are no current regional contracts to provide these services. Some unit-level EERA agreements for GIS services exist. IMT’s acquire the services for their team using the vendor of choice. When teams transition on an incident, some have encountered incompatible software programs between the departing and incoming teams. There are no standards for use by land units or IMT’s in acquiring GIS services. Current dollar volume is unknown and projected savings are unknown.

Purpose of Demonstration: Assess the costs and benefits of the current method of supply and alternative methods for acquiring fire incident related GIS services and to better determine the scope of the non-compatibility issue.

Approach:

At the Geographic Area Coordination Center level (either Great Basin or Pacific Northwest), perform a needs analysis to determine the requirements for fire incident related GIS services. Reach agreement among partner agencies on standard data equipment, software, and product set from among available GIS vendors, and establish a contract/agreement with a vendor who best meets these requirements. After a year’s use, evaluate the experience from the costs, terms, and conditions of the contract/agreement for possible future use and expansion beyond the geographic area.

Pro:

- Given the mix of government and contractor support for GIS, and the currency of this problem, a needs analysis and method of supply analysis could materially assist in introducing some standardization and improved acquisition strategies for this service. There is support for selection of this item among wildland fire staffs.

Con:

- Efforts at standardizing requirements among the wildland fire agencies may take longer than time under this contract allows.

6. Fire-related Facilities Construction Acquisition: Evaluating costs and benefits of centralizing fire-related construction services.

Current Method of Supply: Each year the agencies initiate fire-related construction projects, such as refurbishing a cache facility. These efforts are done within each bureau, either at a regional or national level (not known at this time). In FY 2002, DOI and FS completed 141 projects estimated at \$24.3 million. There is a limited degree of construction design standardization among individual agencies.

Purpose of Demonstration: Assess the costs and benefits of the current method of acquiring constructions services and offer more cost effective alternatives, such as consolidating these requirements within a lead agency and adopting consensus design specifications whenever possible.

Approach:

Determine costs associated with the current methods of acquiring construction services for fire-related projects, and project alternative methods such as lead bureau assignment. Determine feasibility of increased use of consensus design specifications.

Pro:

- There are sizable dollar volumes associated with this project.

Con:

- It is not clear that fire-related construction projects should be separated from other types of construction projects. It may be that construction projects in general would benefit from some form of consolidation across the five agencies.

7. Wildland Fire-Related Incident Car Rentals: Defining the need and balancing the costs of long-term rental of a fleet with short-term rentals.

Current Method of Supply: Vehicles needed for fire incidents are obtained from a variety of sources, principally through credit card rentals from local suppliers, but including rentals under the national car rental contract managed by the Military Traffic Management Command

(MTMC) as well as rentals of local pickup trucks and drivers. Current car rental usage is estimated to be \$18 million; projected savings unknown.

Purpose of Demonstration: Obtain and analyze data showing the current costs and benefits related to incident car rentals and determine the costs and benefits of alternative approaches.

Approach:

Initial efforts will be to define the requirement for incident transportation, including types of needs (e.g., on road, off road), frequency (daily, infrequent), and special concerns (liability issues). Typical costs for each will be based on recent fire incident cost history. Potential alternatives and a recommended approach (for example, a fleet of long-term rental vehicles at each Geographic Area Coordination Center), including costs, will be developed.

Pro:

- Forest Service has identified incident car rentals as a problem area; method of supply analysis for this item would be timely in support of current efforts.

Con:

- Given the complexity of this problem, it is unlikely that much progress can be made in the time allowed under the current NAPA contract.

8. Non-fire related incident support: Comparing open market costs for non fire-related incidents with established contracts

Current Method of Supply: Supplies and services needed for non fire-related incidents are obtained principally by IMT buying teams using government credit card purchases from local suppliers. Current purchases, unknown; estimated savings, unknown.

Purpose of Demonstration: Develop an inventory of supply items and services required during non fire-related incidents, assess the costs and benefits associated with the current methods of supply, and offer alternative methods.

Approach:

Conduct focus group interviews with IMT buying teams and incident commanders to identify commonly used items and services on non-fire incidents. Obtain cost data and develop alternative approaches.

Pro:

- This would address the expanding non-fire responsibilities of the wildland fire community, specifically the incident management teams (IMTs).

Con:

- There is limited interest and support for this project. Also, the new Department of Homeland Security has indicated informally that it will establish and staff four full-time Incident Management Teams within the next year.

INDIVIDUALS INTERVIEWED OR CONTACTED

DEPARTMENT OF THE INTERIOR

Allan Fitzsimmons, Fuels Coordinator, Office of Wildland Fire Coordination
Frank Gisondi, Office of the Secretary, Small Business, Business and Procurement Specialist
Sally Hampton, Program Specialist, Office of Wildland Fire Coordination
Wiley (“Pete”) Horsley, Senior Procurement Analyst, Office of Acquisition and Property Management
Debra Sonderman, Procurement Executive

Bureau of Indian Affairs

David Brown, Chief, Acquisition and Property Management Division

Bureau of Land Management

Linda Bass, Manager, Great Basin Cache, Boise, ID
Rachel Braden, Procurement Chief
Erik Christiansen, Fuels Management, Oregon State Office, Portland, OR
Joe Federline, Headquarters Services Group Manager, Property and Acquisition Management
Joe Foran, Fuels Specialist, Lakeview District Office, Lakeview, OR
Bob Heaton, Chief Procurement Management, Oregon State Office, Portland, OR
Rich Nastes, Acquisition Manager, Great Basin Cache, Boise, ID
John Sherman, Contracting Officer, BLM Service Center, Denver, CO

Fish and Wildlife Service

Robert Ashworth, Bureau Procurement Chief, Alexandria, VA
Doteen Baker, Chief, Division of Contracting and General Services, Portland, OR
Douglas Frederick, Resource Manager, Turnbull National Wildlife Refuge, Spokane WA
Kathy Haluschak, Contracting Officer, Northeast Oregon, Portland, OR
Mary Kathryn Robinson, Contract Specialist, Alexandria, VA
Nedra Stallone, Contract Specialist, Alexandria, VA
Kristin Young, Lead Contracting Officer, Northeast Oregon, Portland, OR

Department of the Interior, Office of Aircraft Services

Robert Galloway, Aviation Safety Manager, Boise, ID
Harlan Johnson, Contract Specialist, Boise, ID
Michael Martin, Director, Boise, ID
Mick McCurry, Chief, Technical Services, Boise, ID
Michael McFarland, Contract Specialist, Boise, ID
Samuel Stivison, Director of Acquisition Management, Boise, ID

National Park Service

Heidi Ernst, Deputy Manager, Washington Contracting & Procurement, Denver, CO
Donna Kalvels, Manager, Washington Contracting & Procurement, Denver, CO
Leo Guillory, Regional Chief of Contracting, Pacific West Region, Oakland, CA

DEPARTMENT OF AGRICULTURE

Forest Service (Headquarters)

Dale Fabian, Director, Acquisition Management
Virginia Heerwagen, Branch Chief, Incident Administration, Fire and Aviation Management
Ronald Hooper, Special Assistant, Office of the Deputy Chief, Business Operations
Tory Majors, Administrative Manager, Incident Business Coordinator, National Interagency Fire Center, Boise, ID
Karla Smiley, Procurement Policy, Operations, Acquisition
Mary Anne Ward, Procurement Analyst, Acquisition Management
Rick Willis, Branch Chief, Fire and Aviation Acquisition, National Interagency Fire Center, Boise, ID

Forest Service (Field)

Kermadine Barton, Contract Specialist, Rogue Siskiyou National Forest, Medford, OR
Stanley Bird, Contracting Officer, Malheur National Forest, John Day, OR
Michael Evans, Fire Staff Officer, Fremont National Forest, Lakeview, OR
Steve Foster, Supervisory Contract Specialist, Deschutes National Forest, Bend, OR
Barry Hansen, Assistant Fire Management Officer, Region 6, Wallowa-Whitman National Forest, Baker City, OR
Paul Hefner, Branch Chief, Fire & Aviation Management, Payette National Forest, Boise, ID
Emmy Ibison, Assistant Coordinator for Incident Administration, Missoula, MT
Marianne Klingler, Supervisory Contract Officer, Region 6, Wallowa-Whitman National Forest, Baker City, OR
Donald Mann, Lead Contract Officer, Region 6, Okanogan-Wenatchee National Forest, Wenatchee, WA
Rowena Martin, Contract Specialist, Winema Fremont National Forest, Lakeview, OR
Craig Phillips, Program Manager, Acquisition, Pacific Northwest Region, Portland, OR
Susan Prentiss, Director of Acquisition Management, Regional Office, Northern Region 1, Missoula, MT
Barb Sybert, Contract Specialist, Siskiyou National Forest, Medford, OR

DEPARTMENT OF VETERANS AFFAIRS

David Derr, Associate Deputy Assistant Secretary for Acquisitions, Office of Acquisition and Materiel Management

Patrick Mannion, Executive Assistant, Office of Acquisition and Materiel Management

GENERAL ACCOUNTING OFFICE

Lara Carreon, Senior Analyst, Acquisition and Sourcing Management

David Cooper, Director, Acquisition and Sourcing Management, Boston, MA

Christina Cromley, Analyst, Acquisition and Sourcing Management

Timothy DiNapoli, Assistant Director, Acquisition and Sourcing Management

Andria Key, Analyst, Acquisition and Sourcing Management

Carolyn Kirby, Senior Analyst, Acquisition and Sourcing Management

Gordon Lusby, Senior Analyst, Acquisition and Sourcing Management

Susan Tindall, Senior Analyst, Acquisition and Sourcing Management

William Woods, Acting Director, Acquisitions and Sourcing Management

GENERAL SERVICES ADMINISTRATION

Tom Kaye, Operations Research Analyst, Federal Supply Service

CONGRESSIONAL REPRESENTATIVES

Brandon Farris, Staff Assistant, House Committee on Agriculture

Leif Fannesbeck, Professional Staff Member, Minority Staff, Senate Committee on Appropriations, Interior Subcommittee

Frank Gladics, Professional Staff Member, Senate Energy and Natural Resources Subcommittee

Joel Kaplan, Staff Assistant, Majority Staff, House Committee on Appropriations, Interior and Related Agencies

Chris Topik, Staff Assistant, Majority Staff, House Committee on Appropriations, Interior and Related Agencies, Independence

OREGON DEPARTMENT OF FORESTRY

Bill Lafferty, Fire Program Director, Oregon Department of Forestry, Salem, OR

Stu Otto, Fuels Management, Oregon Department of Forestry, Prinesville, OR

Don Matlick, Oregon Department of Forestry, Salem, OR

Jim Wolf, Fuels Management, Oregon Department of Forestry, Medford, OR

UNIVERSITY OF OREGON

Cassandra Moseley, Research/Policy Director, Ecosystem Workforce Program,
Eugene, OR

AGENCY PERSPECTIVES

Details of the comments received from representatives of the land management agencies in the Pacific Northwest are reported below.

1. The FWS-FS ID/IQ informal basic ordering agreement approach generated strong feelings both in support and against. Supporters feel it is quicker and cheaper than having to do it themselves, in terms of number of evaluations required. Opponents are not comfortable with the informal structure being used, and prefer a more traditional contract (and are therefore using the BLM ID/IQ). Some also commented that they could obtain better prices doing the procurement locally.
2. The FWS-FS ID/IQ goal of using local suppliers, or at least suppliers who would hire local personnel, has had mixed results. Agencies are sometimes selecting vendors located some distance from the work site, due either to lack of local coverage, or inability of local suppliers to respond. Selection appears to be based on price and past performance. Some agencies are requiring details on local staff hired after the project's completion, but many are not.
3. In establishing the lists of FWS-FS ID/IQ suppliers, evaluation credit was given for efforts to use and train local personnel. Field unit acquisition staffs note that there has been no change in the final list of suppliers and that this preference has not severely impacted price or unnecessarily tied agency contracting officers' hands. Some field unit personnel commented, however, that their internal work force could have performed similar work for a lower cost.
4. Use of the FWS pricing per hour (as opposed to BLM's price per acre) creates a situation where on-site land unit staff must do considerable oversight to ensure the job and hours required do not get beyond the quoted amount and result in extra charges. In contrast, the BLM approach of cost per acre puts all the risk on the vendor to do the job at the bid price.
5. Including state and local governments as users for the FWS-FS ID/IQ has not produced actual task orders. However, discussions with Oregon and Washington forestry officials indicate that these groups are planning on future use of the ID/IQ.
6. The BLM ID/IQ has generated strong negative comments from some FS representatives because some local vendors are not included in the contract, some of the firms are not "local" enough, and the Portland-developed specifications are not as good as locally developed ones.
7. Feedback on BLM's technique of publicly stating a vendor's performance history (as a selection criteria) is generally rated as good, with some exceptions. The use of past performance as an evaluation factor is given high marks in creating an atmosphere of high performance among suppliers. However, the question of how meaningful the BLM

performance ratings are remains open. Because everyone is at least acceptable, it appears that price is the determining factor. However, some point out that the marginal or poor suppliers have dropped out of the process as a result of the emphasis on performance.

8. PNW national forests represent a major customer for both approaches. While there is a strong feeling among some PNW Forest Service units that the best approach is the local one, it should be noted that within this region there is a movement to regionalize the acquisition workload to increase workload transfers and facilitate the grouping of like requirements. This is a significant cultural change given the overall strong field unit independence within the Forest Service.
9. The delays associated with the availability of each year's new budget to field units have compacted the time available to get projects approved and completed. This factor applies to all agencies. While the agencies were authorized to plan at 80 percent of the previous year's funding, failure to get final budget numbers until well into the third quarter of the FY 2001 hindered their ability to take full advantage of overall project plans. This was complicated further by the forced reprogramming of 2002 fiscal year funds from fuels treatment projects to wildfire suppression costs. An undetermined number of 2002 projects were cancelled because of this. In some cases, land units are reluctant to use the 80 percent previous year's funding provision, not wishing to take a chance on the actual amount and preferring to wait for the current year's appropriation.
10. There has been some use of the Master Cooperative Fire Protection Agreement for fuels reduction work. For example, the Oregon Department of Forestry (ODF) Central Oregon District has been working with the Sisters Ranger District of the Deschutes National Forest for four or five years. ODF provides a thinning crew of 10 to 15 people for forest health and fuels reduction. ODF crews have assisted in District prescribed fires as well. Deschutes has also been using other agencies and organizations in conjunction with ODF crews, Department of Corrections inmate crews to pile slash, and youth organizations to do slash work. No problems or concerns were raised in this regard. Since the agreement allows only costs to be covered, this technique has the advantage of a lower cost. The agreement does include substantial federal involvement (as reported by the BLM) when carrying out the work, as anticipated by OMB Circular 102¹⁷ (which covers grants and cooperative agreements). BLM staff indicates that their inspector gives more detailed direction than the ID/IQ task orders, since specifications are not sufficiently described in the contract.
11. Some contract users mentioned they were reluctant to place Small Business Administration (SBA) section 8(a) non-competitive awards on the ID/IQ program because they felt their agency would not get the credit for the procurement. This is an important factor for agencies under pressure to reach small business goals.

¹⁷ Use of cooperative agreements for fuels reduction work was given explicit support in Title III, Section 323 and Title I, Section 136 of PL 105-277. Commonly referred to as the Wyden amendment, these provisions give FS and BLM the authority to enter into collaborative arrangements with other state partners to accomplish high priority restoration, protection, and enhancement on public or private lands.

12. While there were some individual concerns and complaints about use of these ID/IQs, overall opinion of their benefits was positive. One Forest Service representative put it this way:

“So (even with its faults) the BLM contracts are a useful tool for us to have at our disposal. Also, when more contracting officers realize these contracts are at their disposal and utilize them, they will see that using them is a piece of cake and use them more. Many of the contracting officers within the Forest Service grew up inside the Forest Service and think their way is the best way and only way. To my way of thinking, we (the Forest Service and Interior agencies) are becoming more seamless in the contracting arena, and I personally like it a lot and want to see even more shared contracts.”