



# ***IMCOM Strategic Sourcing Environmental Services Team Commodity Strategy Executive Summary***

**Briefing to EEQC  
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***Leading Change for Installation Excellence***



## ***PURPOSE***

- Recommend path forward to increase IMCOM buying power of Environmental Services
- Obtain IMCOM DCG approval to move forward with strategic contracting initiatives



## ***BOTTOM LINE UP FRONT***

- Fragmentation and variation in contracting for environmental services within IMCOM adds unnecessary cost to the Army
- USAEC proposes to award three base contracts (in FY08 and FY09) for environmental support services
  - Advisory and Assistance Services (\$400M capacity)
  - Environmental Compliance (\$240M capacity)
  - Cultural & Natural Resources (\$200M capacity)
- Establishing strategic contracts will:
  - Ensure competition
  - Provide best in class vendors
  - Eliminate contracting fees
  - Reduce task order award times



# CATEGORIES OF ENVIRONMENTAL SERVICES

(From Censeo Study)

## ENVIRONMENTAL SERVICES SEGMENTATION



- CMEs
- Education & Training
- Permits & Fees
- Sampling, Analysis & Monitoring
- Hazardous Waste Disposal
- Water Quality
- Clean Air
- Underground Storage Tanks
- Compliance Related Cleanup
- NEPA Planning

- CMEs
- Education & Training
- Other Recurring Conservation
- Natural Resources Mgt
- Threatened & Endangered Species
- Inventories & Surveys (For Endangered Species)
- Section 7 Consultation
- Endangered Species Mgt Plan
- Execution Of ESM & Biological Opinions
- Wetlands
- Erosion & Sediment Control

- CMEs
- Education & Training
- Other Recurring Pollution Prevention
- RCRA C Hazardous Waste Reduction
- RCRA D Solid Waste Reduction & Diversion
- RCRA D Solid Waste Diversion
- RCRA D Solid Waste Reduction
- Air Quality

CMEs= Contract Manpower Equivalent



## ***KEY FINDINGS***

(From Censeo Study)

- Significant similarities in requirements across installations
- Up to 100% price disparity, in some cases, for similar services
- Large variation in use of contracting methods and fees across installations
- Substantial use of local/regional small businesses
- Staff augmentation averages 1:1 (Army:Contractor)
- Shortage of skilled labor is increasing labor costs



# ***ANALYSIS AND INTERVIEWS***

(From Censeo Study)

## **SPEND ANALYSES**

- Spend By Major Category
- Year Over Year Spend By Major Category
- Services Across Categories
- Year Over Year Services Across Category
- Spend By Region
- Commonality Of Services Across Installations
- Spend By Installation
- # Of Obligations By Service By Dollar Value
- Top Suppliers By Dollar Value Obligations
- # Of Unique Suppliers By Region
- # Of Small Business Suppliers By Region
- Percent Of Small Business Suppliers By Region
- Top Suppliers By # Of Obligations
- # Of Common Suppliers Across Regions
- Type Of Contracts By # Of Obligations
- Type Of Contracts By \$ Value Of Obligations

## **INTERVIEWS**

- Installations & Region Chiefs
  - Fort Lewis, Fort Bliss, Fort Hood, APG, Fort Irwin, Fort Polk, Fort Richardson, Fort Wainwright, Fort Benning, Fort Campbell, Fort Bragg, SERO, SWRO, NWRO
- USACE
- USAEC
- Other Stakeholder Interviews

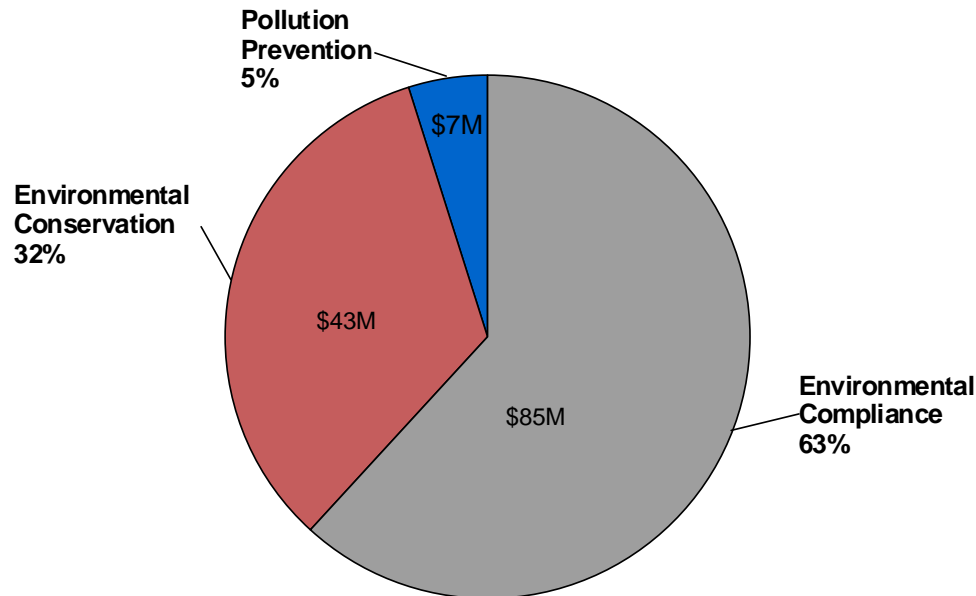


## ENVIRONMENTAL SERVICES SPEND

(From Censeo Study)

### TOTAL ENVIRONMENTAL SERVICES SPEND BY MAJOR CATEGORY

Total 2005 approximately \$135 Million



Source: IMA-Online Master Spend Report run for IMCOM HQ-ENV  
 Note: Due to availability of data, detailed spend analyses included only the data from IMA Online/ Departmental Files (i.e. Total = approximately \$135 Million)

### FINDINGS / IMPLICATIONS

- Compliance accounts for almost two thirds (63%) of the annual spend
- Conservation accounts for one third (32%) of the annual spend
- Pollution Prevention accounts for only 5% of the annual spend



**Compliance represents the greatest portion of Environmental Services spend**



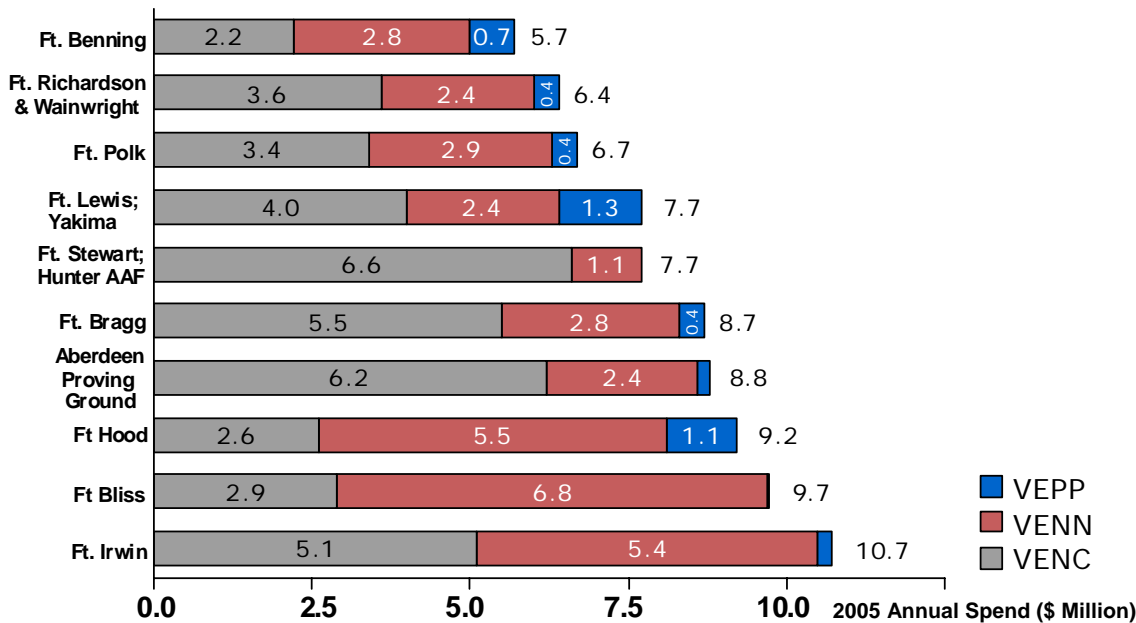
## TOP 10 INSTALLATIONS

(From Censeo Study)

### TOP 10 INSTALLATION ENVIRONMENTAL SERVICES SPEND

Other Contractual Services

Total = approximately \$135 Million



Source: IMA-Online Master Spend Report run for IMCOM HQ-ENV  
 Note: Due to availability of data, detailed spend analyses included only the data from IMA Online/ Departmental Files (i.e. Total = approximately \$135 million)

### FINDINGS / IMPLICATIONS

- Ft Irwin used the most externally purchased environmental services in 2005
- In FY05, the top 10 installations accounted for \$81M of the total spend



The top installations will be a focus for additional interviews and contracts analysis





# USACE FEES

(From Censeo Study)

INSTALLATION	OTHER CONTRACTUAL SERVICES	% via USACE	\$ via USACE
Ft. Lewis	\$ 8,377,449	80%	\$ 6,701,959
Ft. Bliss	\$ 7,205,996	0%	\$ -
Ft. Hood	\$ 8,991,950	0%	\$ -
Aberdeen Proving Ground	\$ 7,168,982	66%	\$ 4,731,528
Ft. Irwin	\$ 9,603,743	40%	\$ 3,841,497
Ft. Polk	\$ 6,338,310	0%	\$ -
Fts. Richardson & Wainwright	\$ 5,803,742	5%	\$ 290,187
Ft. Bragg	\$ 10,362,299	85%	\$ 8,807,954
Ft. Benning	\$ 7,982,401	75%	\$ 5,986,801
Ft. Campbell	\$ 7,052,144	0%	\$ -
Sum of Sample	\$ 78,887,018	35%	\$ 27,689,343

<b>Total US</b>	<b>\$ 123,948,839</b>	<b>35%</b>	<b>\$ 43,506,043</b>
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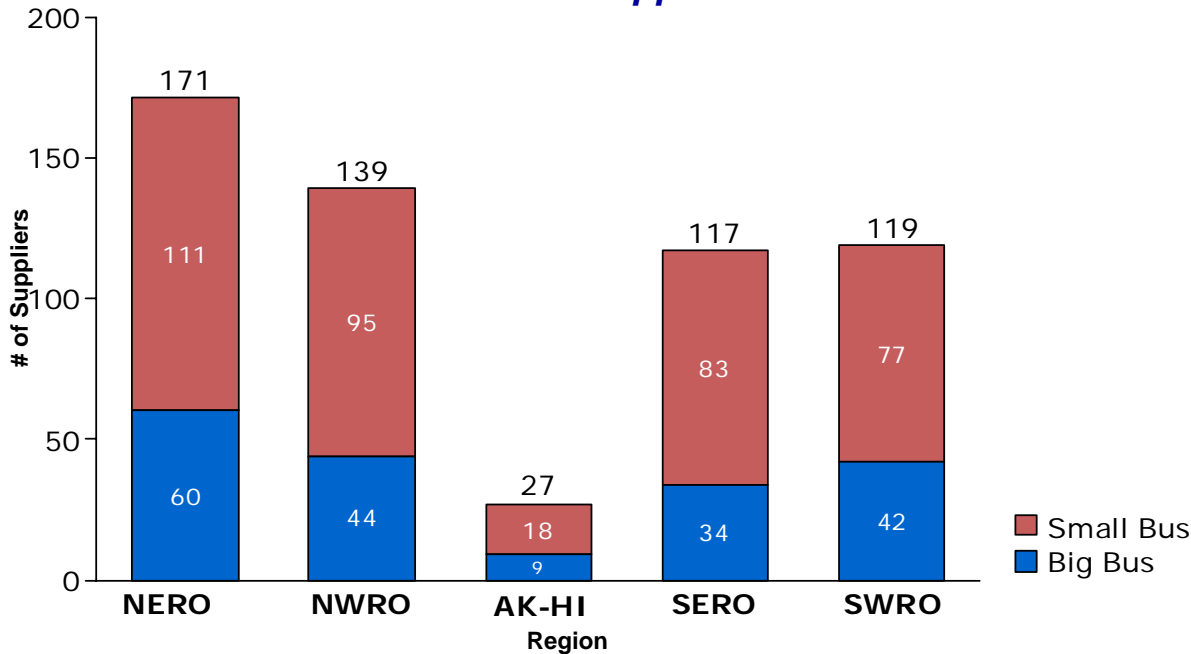
<b>Estimated USACE Spend</b>			<b>\$ 43,506,043</b>
<b>Estimated USACE Existing Average Fee</b>		<b>7%</b>	<b>\$ 3,045,423</b>
<b>Estimated USACE Target Fee</b>		<b>5%</b>	<b>\$ 2,175,302</b>
<b>Estimated Savings</b>			<b>\$ 870,121</b>



# SMALL BUSINESS

(From Censeo Study)

**ENVIRONMENTAL SERVICES  
NUMBER OF SUPPLIERS BY REGION**  
*2005 Suppliers*



Source: ACBIS Report run for IMCOM Strategic Services

## FINDINGS / IMPLICATIONS

- 65% of NEROs suppliers are Small Business
- 68% of NWROs suppliers are Small Business
- 67% of AK-HI's suppliers are Small Business
- 71% of SEROs suppliers are Small Business
- 65% of SWROs suppliers are Small Business



- **Approximately two thirds of current Environmental Services suppliers are classified as small business for all regions**

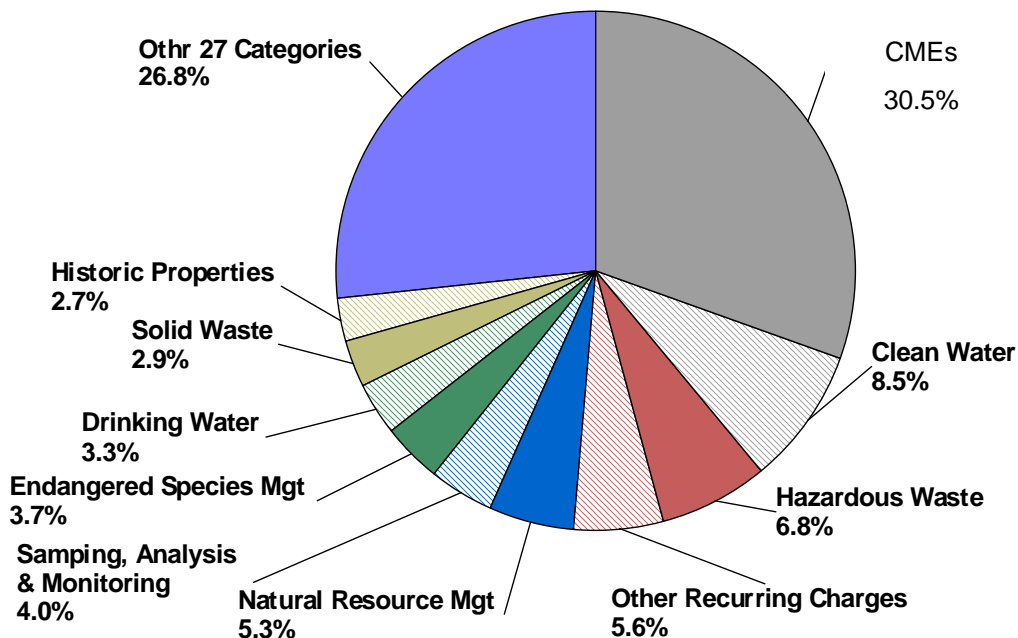


# CONTRACTOR MANPOWER EQUIVALENTS (CMEs)

(From Censeo Study)

## TOTAL ENVIRONMENTAL SERVICES SPEND BY SERVICE

Total 2005 = approximately \$135 Million



Source: IMA-Online Master Spend Report run for IMCOM HQ-ENV  
 Note: Due to availability of data, detailed spend analyses included only the data from IMA Online/ Departmental Files (i.e. Total = approximately \$130 million)

## FINDINGS / IMPLICATIONS

- Within the three Environmental Services, CMEs account for the largest amount of spend (\$37 Million+)



**CMEs represent a large potential opportunity area for strategic contracting**



# ***OPPORTUNITIES***

- \$80M of CME support
- \$55M of non-recurring environmental services



# CME SUPPORT

## \$80M

IMCOM CMEs for Environmental Services

### Installation A

35 CMEs

5 contracting agencies:

ACA, GSA, USACE, AFCEE, FWS (Variable Fee)

8 vendors

### Installation B

3 CMEs

2 contracting agencies:  
ACA, FWS (No/minimal Fee)

3 vendors

## NATIONAL IDIQs

- \* Competition
- \* Best in class vendors
- \* No contracting fees

### Installation C

36 CMEs

2 contracting agencies:  
ACA, USACE (Variable Fee)

2 vendors

**Contractor Manpower Equivalentents (CMEs) = 31% of Environmental Services**

Source: 2007 Censeo Study



# TARGET USACE FEES

(From Censeo Study)

ASSUMPTIONS	DESCRIPTION
<b>Spend of \$135 Million</b>	<ul style="list-style-type: none"> <li>Total Spend based on 2005 IMA Online data for Administrative spend (Object Code 25) where externally procured professional services are captured</li> </ul>
<b>% via USACE</b>	<ul style="list-style-type: none"> <li>Percentages captured from installation ENV chiefs during interviews</li> <li>Average for key installations = 35%</li> </ul>
<b>Estimated USACE Existing Average Fee</b>	<ul style="list-style-type: none"> <li>7% - figure captured from installation ENV chiefs during interviews</li> </ul>
<b>Estimated USACE Target Fee</b>	<ul style="list-style-type: none"> <li>5% figure based on conservative estimate from historical Censeo Consulting experience in leveraging spend for professional services</li> <li>Note that NERO has negotiated a 2% rate from USACE</li> </ul>
<b>Estimated Savings</b>	<ul style="list-style-type: none"> <li>Calculation based on difference between Estimated Existing and Target USACE fees</li> </ul>



## ***STRATEGY***

- Two pronged approach for procuring environmental services
  - Strategic
    - Base contracts – ID/IQs
    - Requirements analysis
      - Work plan analysis to identify opportunities
  - Operational
    - Task level
      - Quick wins using existing contract mechanisms
      - Use ID/IQs to increase return on investment
      - Improve task award times for product delivery

Apply best practices learned from cleanup contracting successes to garner benefits



# SUCCESSSES

	Cleanup PBAs	Cultural Surveys	NEPA* IDIQ	A&AS** IDIQ
Activity	Eliminates site level contracts	Consolidated surveys for 3 BRAC installations	Eliminates numerous contractors and executors	Eliminates numerous contractors and executors
Efficiency	Increased completion rates 15-20%	Flexibility to respond to construction changes	Improved EIS cycle time by 50%	Performance based PWS reduces \$ + eliminates CMEs
Savings	\$300M cost savings	42% cost savings (\$1.5M)	30% cost savings	50% savings on 1 <sup>st</sup> task order

\*National Environmental Policy Act

\*\*Advisory & Assistance Services





# ***IMPLEMENTATION***

- USAEC will award IMCOM enterprise-wide Indefinite Delivery/Indefinite Quantity (ID/IQs) contracts with 5-year ordering periods
  - Advisory and Assistance Services (\$400M)
    - Awarded by 1Q FY09
  - Environmental Compliance (\$240M)
    - Awarded by 1Q FY09
  - Cultural + Natural Resources (\$200M)
    - Awarded by 4Q FY08



## ***BENEFITS***

- IMCOM enterprise-wide IDIQs will:
  - Provide best-in-class vendors
  - Improve performance
  - Improve task order award time
  - Decrease contracting costs
    - Decrease costs due to competition (15-20%)
    - Decrease contract administration fees
  - Ensure consistent identification of requirements using performance based Performance Work Statement
  - Improve spend visibility

**Approximately  
\$20M expected  
savings will  
buy backlog of  
projects**



## RISKS

<b>RISKS</b>	<b>PLANNED MITIGATIONS</b>
<p>Garrisons/Installations may be hesitant to support</p> <p>Impacts current on-site contractors</p>	<p>Seek stakeholder input to address concerns of the installation</p> <p>Incumbent on-site contractors may be impacted</p>
<p>Small business proponents can stop or slow down procurement</p>	<p>Ensure small business strategy in acquisition strategy and plans</p>
<p>Additional information will be needed to identify environmental services outputs</p>	<p>Sample installation contracts with emphasis on cost and performance reports</p>



## ***SUMMARY***

- Fragmentation and variation in contracting for environmental services within IMCOM adds unnecessary cost to the Army
- USAEC proposes to award three base contracts (in FY08 and FY09) for environmental support services
  - Advisory and Assistance Services (\$400M capacity)
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- Establishing strategic contracts will:
  - Ensure competition
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## ***NEXT STEPS***

- USAEC will:
  - Staff proposal for final approval
  - Develop draft acquisition plans by 31 Sep 2007
  - Coordinate contract scope development over the next 12 months with:
    - IMCOM Regions & HQs
    - Installations
    - Army Contracting Agency
  - Report progress and results through IMCOM DCG Update



# ***RECOMMENDATION***

- Approve strategy to move forward



# INSTALLATION MANAGEMENT COMMAND



***“Sustain, Support and Defend”***



## ***BACKUP SLIDES***





Backup for Slide 2

## ***IMCOM OBJECTIVES***

(From Censeo Study)

### **STRATEGIC SOURCING OBJECTIVES AT IMCOM**

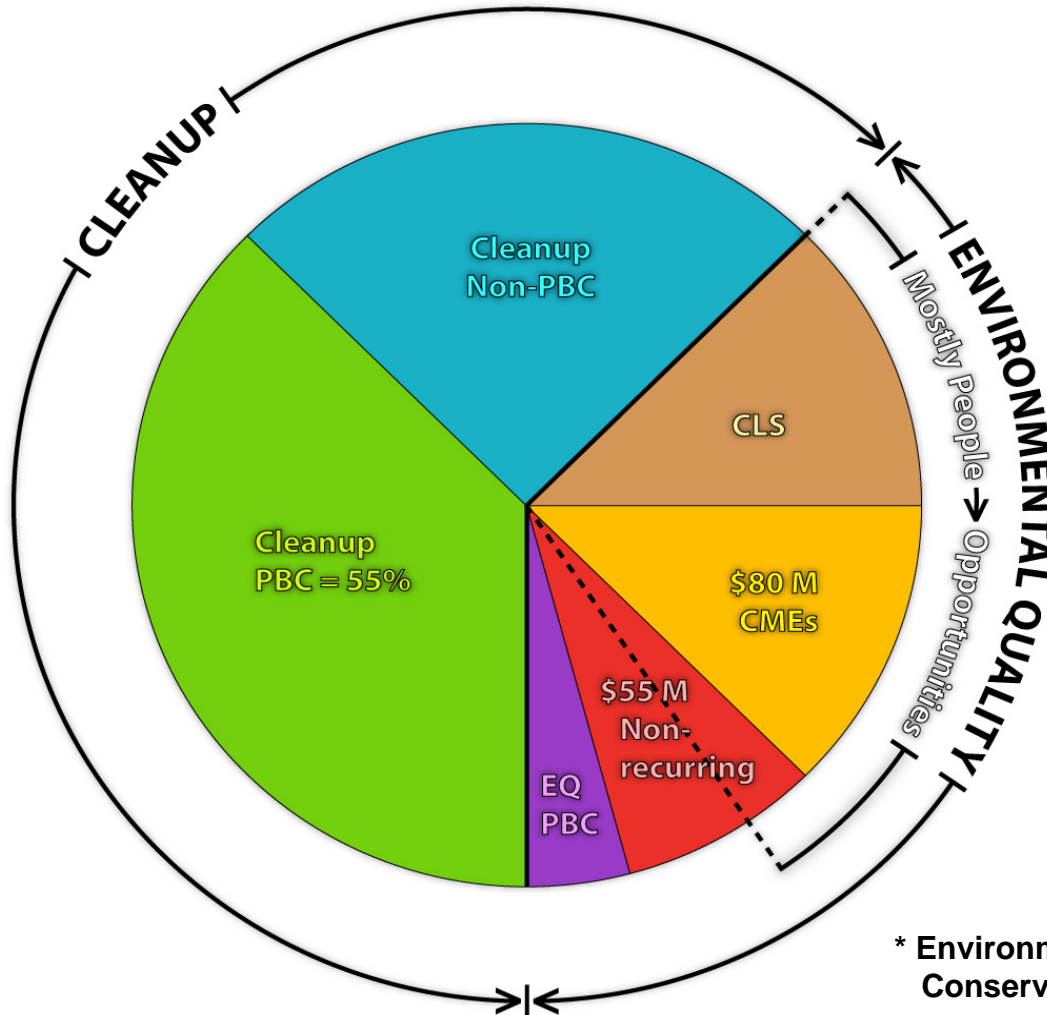
- **Reduce Total Cost of Ownership (TCO) for the acquisition of goods and services throughout IMCOM**
- **Ensure quality and efficient service delivery by structuring the right relationships with suppliers**
- **Support the overall IMCOM goal of delivering services within benchmarked costs while driving down overall requirements**

***The ultimate goal is to support IMCOM's mission to provide equitable, effective, and efficient management of Army installations worldwide***



Backup for Slide 4

# ENVIRONMENTAL SERVICES



\* Environmental Quality = Compliance, Conservation, Pollution Prevention



Backup for Slide 5

## ***DATA SOURCES***

- A comprehensive cross walk between IMA Online and ACBIS was not possible due to incomplete data and CLN level tracking
  - Analysis did provide insights to contracting mechanisms and overall environmental services spend
- DFAS analysis provided additional data on environmental services spend



## Backup for Slide 5

# ***DATA RECONCILIATION***

(From Censeo Study)

<b>IMA ONLINE SYSTEM</b>	<b>ACBIS</b>
Tracks obligations	Tracks Contracts (base and modifications)
Contains Object Code and category of spend	Contains contract value and mod value, obligation amount and obligation change amount
Does not contain supplier name	Contains supplier name
Does not contain contract number	Contains contract number
Does contain supplier attributes (e.g. 8a, small, etc)	Contains supplier attributes
Does not contain contract attributes	Contains supplier attributes
For 2005, does not contain 11 IMCOM installations	For 2005, does not contain AEC, or USACE contracts
Does not contain Performance Work Statements	For some, contains Performance Work Statements

***The team used the IMA Online system for the spend analysis and the ACBIS system for contract analysis, but these databases do not reconcile contracts and spend data***



## Backup for Slide 6

# LABOR POOL

(From Censeo Study)

KEY FINDINGS	DETAILS	SOURCING OPPORTUNITIES
<p><b>Growing shortage of skilled labor</b></p>	<ul style="list-style-type: none"> <li>• The pool of skilled labor in the environmental services industry has been fast dwindling</li> <li>• As a result of industry growth coupled with shortage of qualified personnel, salary levels have been spiraling up</li> </ul>	<ul style="list-style-type: none"> <li>• Potential opportunity to reduce risks and ensure sustained quality of services through qualification of contractors during purchasing process               <ul style="list-style-type: none"> <li>– Appointment of qualified consultants as a part of the contract should be ensured to derive maximum value</li> </ul> </li> </ul>



Backup for Slide 13

# STAFF AUGMENTATION

(From Censeo Study)

INSTALLATION	ENV STAFF	ENV CONTRACTORS
Ft. Lewis <sup>2</sup>	29	35
Ft. Bliss <sup>1</sup>	41	3
Ft. Hood	21	36
Aberdeen Proving Ground <sup>2</sup>	19	10
Ft. Irwin <sup>2</sup>	9	35
Ft. Polk <sup>2</sup>	34	41
Ft. Richardson & Ft. Wainwright <sup>2</sup>	10 10	10 11
Ft. Bragg <sup>2</sup>	63	52.5
Ft. Benning <sup>1</sup>	49	22
Ft. Campbell <sup>1</sup>	21	26
Army Environmental Command (AEC) <sup>3</sup>	166 Civilian 2 Military	288

## FINDINGS / IMPLICATIONS

- On average, installations supplement their staff with 1.2 contractors per Army employee
- Anecdotally, many of the contractors have significant tenure (5+ years in their roles)
- Anecdotally, many of the contractors are former Army employees, working either independently, or through a local designated small business
- Contractors are limited in the specific tasks that may be performed (e.g. cannot sign off on studies)



**Depending on the amount and kind of Environmental Services required, and the existing staffing, installations must purchase services externally**

Source: 1: IMCOM ENV HQ as of 2/21/07  
 2: IMCOM Strategic Services Team Interviews with Key Stakeholders  
 3: IMCOM AEC as of 1/17/07



## Backup for Slide 13

# INSTALLATION CONTRACTING

(From Censeo Study)

Installation	Local ACA	USACE	AFCEE NAFAC	GSA	Coop Agree	Other
<b>Ft. Lewis – Paul Steucke</b>	High	High	Little/ None	Little/ None	Some	USACHPPM
<b>Ft. Bliss – Kieth Landreth</b>	High	Little/ None	Little/ None	Little/ None	Some	
<b>Ft. Hood – Steve Burrow</b>	High	Medium	Little/ None	Little/ None	Some	-
<b>Aberdeen Proving Ground – Ralph Cadenuto</b>	Low	High	Little/ None	Little/ None	Little/ None	-
<b>Ft. Irwin – Muhammad Bari</b>	Some	High	Some	High	Some	USGS, NRCS, US Fish & Wildlife Service, US Forest Service
<b>Ft. Polk – Charles Stagg</b>	Some	High	Little/ None	Little/ None	Some	US Fish & Wildlife Service, State Dept of Fish & Game, DoL
<b>Ft. Richardson &amp; Ft. Wainwright</b>	High	Some	Some	Little/ None	Some	USGS, NRCS, US Fish & Wildlife Service, US Forest Service
<b>Ft. Bragg – Dave Heins</b>	Low	High	Little/ None	Some	Some	-
<b>Ft. Benning – John Brent</b>	High	High	Little/ None	Some	Some	US Fish & Wildlife Service, NRCS, US Nature Conservancy, US Forest Service, Department of Energy
<b>Ft. Campbell – Ron Ballard</b>	Medium	Some	Some	Some	Some	



## Backup for Slide 16

# CLEANUP PBAs

Installations		Sites	CTC Baseline (\$M)	Contract Award (\$M)	Cost Avoidance
FY01-02	Fort Gordon, Fort Leavenworth	50	42.200	39.391	2.809
FY03	Fort Dix, Fort Jackson, Lake City AAP, Ravenna AAP, Sierra Army AD	68	119.998	98.795	21.203
FY04	Aberdeen PG - Graces Quarters, Aberdeen PG - Other Aberdeen Areas, Fort Detrick, Fort Irwin, Fort Rucker, Holston AAP, Hunter AAF, Iowa AAP, Louisiana AAP, Milan AAP, Reserves, Riverbank AAP, Rock Island, Fort Leonard Wood	143	276.090	152.738	123.351
FY05	APG-Bush River, APG – EA Groundwater, APG- Westwood, Camp Bullis & Fort Sam Houston, Camp Navajo, Fort Gillem, Fort Knox, Fort Meade, Fort Pickett, Hawaii – Tripler/Schofield, Joliet AAP, Longhorn AAP, Camp Crowder & Ft. Chaffee, Los Alamitos & Camp Roberts, Ravenna AAP, Red River, Redstone, Soldier Systems Center	213	242.558	172.474	70.084
	Military Munitions Response Program – Site Inspections	67	2.171	0.901	1.270
FY06	APG G Street, Dugway Proving Ground (DPG) Phase I, DPG Phase II, Fort Leonard Wood Phase I, Fort McClellan, Hawaii, Hawthorne AD, Picatinny Arsenal, Radford AAP, Volunteer AAP	169	173.465	108.352	65.113
	Military Munitions Response Program – Site Inspections (2 awards)	119	12.371	4.820	7.551
FY07	Fort Bragg, Fort Campbell, Forts Eustis & Lee	33	23.361	19.847	3.514
Cumulative		862	892.214	597.318	294.896
Cost Avoidance on all PBAs (based on CTC)			<b>33.1%</b>		