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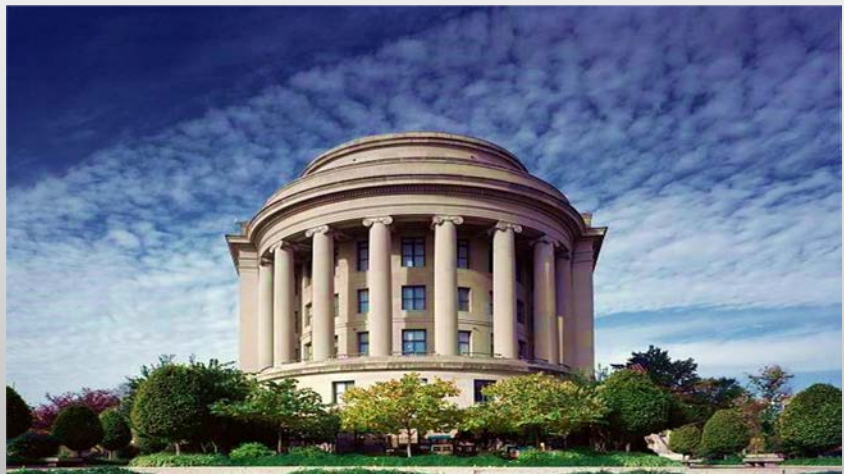
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Domain Expertise

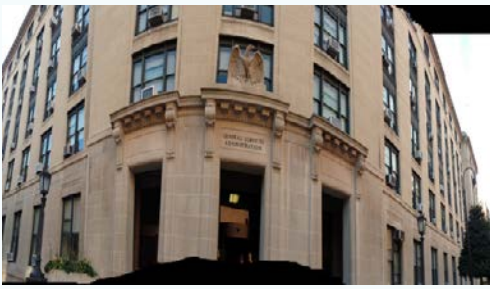
MRO and JanSan Category Management Solutions Named Best-in-Class Vehicles

The GSA Maintenance, Repair and Operations (MRO) and Janitorial and Sanitation (JanSan) category management contracts have been named “Best-in-Class” (BIC) vehicles. These solutions are part of the Industrial Products and Services as well as Facilities and Construction category solution set.

Best-in-Class is a contracting and acquisition designation used across government to denote contracts that meet rigorous category management performance criteria as defined by the Category Management Leadership Council, which is chaired by the Office of Management and Budget and includes representatives from the seven biggest buying agencies. The BIC designation recognizes these contracts as ‘good-for-government’ purchasing solutions which should be used by all agencies.

The BIC designations for MRO and JanSan strategic sourcing solutions are the result of efforts to streamline the acquisition of millions of related products. Procurement of these supplies was generally fragmented across the government.

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Federal Marketplace Matters

Octo Consulting wins agile contract to upgrade FedBizOpps

Octo Consulting Group won an \$11-million contract to give a facelift to the federal government's central procurement opportunities portal.

Under GSA's Alliant Small Business vehicle, Octo will help the general Services Administration modernize its Integrated Award Environment, combining several of the 10 different awards systems it manages into a single new and updated System for Award Management website, SAM.gov.

Octo's work on the IAE modernization will specifically focus on designing and developing the updated functionalities for the Federal Business Opportunities system, the Electronic Subcontractor Reporting System, and the Federal Funding Accountability and Transparency Act Subaward Reporting System, though the bulk of the work will be devoted to the FedBizOpps.gov website.

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Court Enjoins Implementation of Overtime Regulation

On May 23, 2016, the Department of Labor's Wage and Hour Division published a final rule in the Federal Register that updated the Overtime Regulations under the Fair Labor Standards Act (FLSA), specifically the exemptions for executive, administrative and professional employees. The final rule implemented a 2014 Presidential Memorandum directing the Department to update and modernize these regulations.

On November 22, 2016, the U.S. District Court for the Eastern District of Texas issued a preliminary injunction, which temporarily blocks the entire Final Rule on a nationwide basis until the court makes a final decision. The Final Rule was scheduled to take effect on December 1. The final rule raised the salary threshold for those eligible for this overtime exemption to \$47,476, which would have made over 4 million workers eligible for overtime pay of time and a half for hours worked over 40 hours.

On September 4, 2015, Advocacy submitted a formal comment letter to the Department of Labor citing small business concern that increasing the salary threshold and the number of workers eligible for overtime pay would add significant compliance costs and paperwork burdens, particularly in low wage states. Advocacy recommended that DOL consider adopting a regional wage rate to reflect low wage regions, provide more compliance time for small businesses, not adopt changes to the duties test under the FLSA, and to reconsider yearly updates to the salary threshold. As a result of the letter, the final rule was modified to reflect some of the concerns as expressed by Advocacy and the small business community.

The Court Order can be viewed [here](#).

The Advocacy comment letter can be viewed [here](#).

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Federal Marketplace Matters

Businesses Controlled by Brothers Were Presumed Affiliated, Says SBA –

Businesses controlled by brothers were presumed affiliated under the SBA's affiliation rules.

In a recent size determination, the SBA Office of Hearings and Appeals held that a contractor was affiliated with companies controlled by its largest owners' brother, even though the companies had only minimal business dealings. OHA's decision highlights the "familial relationships" affiliation rule, which can often trip up even sophisticated contractors—but the decision, which was based on a March 2016 size determination request, did not take into account changes to that regulation that went into effect a few months later.

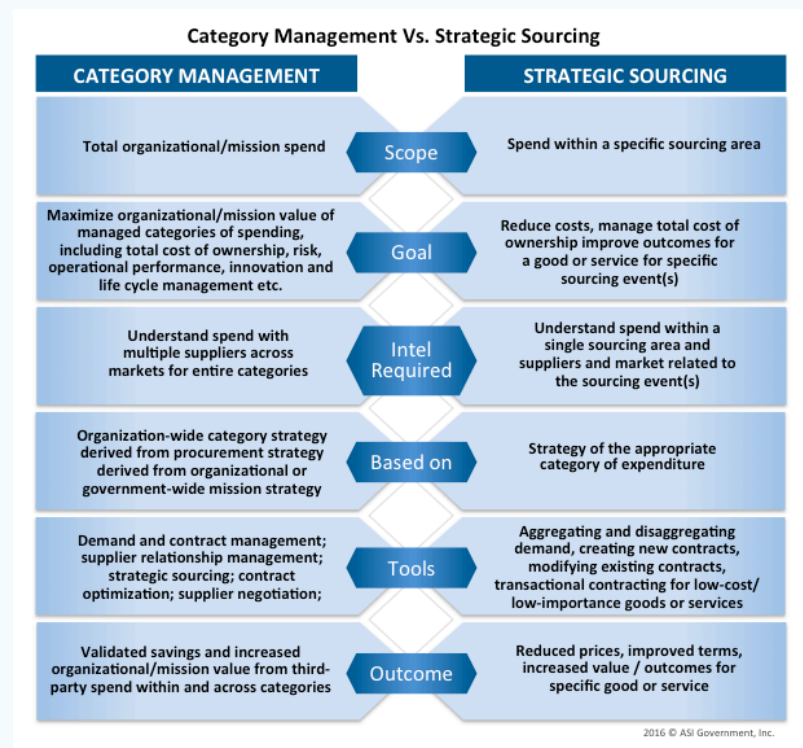
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To Make Government Great Again, Fix the Procurement System

Category management is not just a new name for strategic sourcing. Rather, strategic sourcing is one of the tools used by category teams to manage procurement expenditure to achieve mission value.

Unfortunately, much of the writing about strategic sourcing conflates it with category management, creating some misunderstanding about how the two are related. Detangling the definitions can help; though doing so necessarily simplifies processes that in practice are highly nuanced and often overlapping.

It's worth the risk, however, in order to clarify what is strategic about strategic sourcing and how category management strategies are successfully executed.



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Federal Marketplace Matters

Is GSA doing enough about contractor tax-delinquents?

The House Oversight and Government Reform Committee told the General Services Administration to make sure the contractors in the agency's primary supplier database aren't behind on their federal taxes even as they compete for and win new government contracts.

"The committee has questions about whether [GSA's System for Award Management] contains reliable, current information, and whether taxpayer money is subsidizing contractors that do not pay their own taxes," states a Nov. 22 letter from Reps. Jason Chaffetz (R-Utah) and Elijah Cummings (D-Md.), chairman and ranking member of the committee, respectively.

Chaffetz and Cummings reminded GSA Administrator Denise Turner Roth that under the Federal Acquisition Regulation, contracting officers should not award contracts to companies that have delinquent federal tax debt and those officers must actively seek out that information before an award is made.

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3 trends driving DoD IT budgets in FY 2017

The Defense Department's \$38.5 billion IT budget in the fiscal 2017 requests is being driven by three major trends contractors should be aware of: cybersecurity, cloud and analytics. While the possibility of another [continuing resolution](#) until March looms, DoD's IT projects are expected to move forward.

The Immixgroup's Nov. 17 market intelligence briefing laid out these trends, along with specific agency priorities and contract opportunities. It also broke up project funding into capital expenditures, referred to as development, modernization and enhancement (DME), and operational, rereferred to as Steady State (SS).

DISA

While the Defense Information Systems Agency has an IT budget of \$3.1 billion in the 2017 request, that's \$500 million less than 2016. That means it will be consolidating its investments under cyber development, according to Immixgroup.

Air Force

The Air Force is actually getting a 4 percent bump in its IT budget, up to \$5.3 billion, although that doesn't quite return it to fiscal 2015 levels. It's expected to prioritize multi-domain operations and cyber integration, weapons systems, commoditized cloud and automation as it seeks to reduce cost and complexity.

Army

The Army is looking at a \$7.6 billion budget in fiscal 2017, a 1 percent drop from last year. This is causing it to be cost-conscious, pushing automation, cloud and data center consolidation. It also wants to expand multi-domain operations.

Navy

The Department of the Navy is actually getting the biggest increase in IT funding across the services, at 2.5 percent, bringing it up to \$6.5 billion for fiscal 2017. That's largely due to challenges in the Pacific, Immixgroup said, although cloud transitions, data center consolidation and network upgrades are also a factor

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Federal Marketplace Matters

GSA's Trump Hotel Lease Debacle

As the clock ticks down towards President-elect Donald Trump's Jan. 20 inauguration, the window is rapidly closing on the General Services Administration's opportunity to extricate itself from the Trump Organization's lease of the historic Post Office Pavilion. The lease—in which Donald Trump would, in effect, be both landlord and tenant—now presents unprecedented and intolerable conflicts of interest.

As interest groups, domestic and foreign, contemplate booking rooms in the Pennsylvania Avenue landmark turned Trump International Hotel to curry favor with the President, it is easy to assume that Mr. Trump's involvement in that lease presents challenges just as abstruse as his overseas business operations. Those overseas entanglements may, indeed, require analysis of the Constitution's hitherto rarely discussed Emoluments Clause. Conversely, understanding and addressing the problems raised by the Trump Organization's 60-year, \$180 million lease is far simpler.

... The lease presents relatively straightforward government contracting issues, and the contracting agency with responsibility for addressing those issues is GSA. To protect the integrity of the federal government's procurement process, GSA must end its lease arrangement with President-elect Trump now. [Read More](#)

Educational

OGE Finalizes Rule Regarding Solicitation and Acceptance of Gifts for Executive Branch Employees

On November 18, 2016, the Office of Government Ethics (OGE) issued a [final rule](#) revising the Standards of Ethical Conduct for Employees of the Executive Branch ("Standards") applicable to the solicitation and acceptance of gifts from outside sources. See 5 CFR § 2635. The final rule imposes a duty to decline otherwise permissible gifts when the appearance of impropriety is present, adds new examples of how to apply the rules, codifies previous interpretations of the gift rule, and retains the \$20 *de minimis* exception (despite pushback in comments to the proposed rule to raise the standard commensurate with inflation.) Although Government employees are the primary subject of the final rule, the changes will have a direct impact on how contractors, referred to as "prohibited sources" can interact with Government officials. It is important for government contractors to understand that being implicated by a Government official's violation of these Standards can lead to various consequences, such as facing public embarrassment, a tarnished reputation in the marketplace, suspension and debarment, or penalties for violating the bribery or illegal gratuities statutes.

The rule becomes effective on January 1, 2017.

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SAM Service Contract Reporting NOW OPEN for Contractors until December 15, 2016

The Office of Federal Procurement Policy (OFPP) has extended the deadline for FY16 service contract reporting to December 15, 2016.

NOTE: FAR Subpart 4.17, Service Contracts Inventory, requires service contractors with contracts containing either FAR clause 52.204-14 or 52.204-15 to submit a Service Contract Report (SCR) to the System for Award Management (SAM.gov) at the end of each Fiscal Year.

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Upcoming Events

November 29 – December 2, 2016

AMSUS Annual Continuing Education Meeting – the Society of Healthcare Professionals – Gaylord National Resort & convention Center, National Harbor, MD [More Info](#)

April 13 2017 B2G Conference & Expo Joint Base Langley / Eustice

[More Info](#)

Watch out for GSA Events in 2017:

MARCH 7-8, 2017 IFMIPS (51V, 03FAC) Industry Day Event

May 2017 the GSA Federal Acquisition Training Symposium penciled in for in Huntsville, Alabama, and

June 2017 the Professional Services Industry Day in Tacoma, Washington.

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Compliance

United States Settles Lawsuit Against Energy Department Contractors for Knowingly Mischarging Costs on Contract at Nuclear Waste Treatment Plant

The Justice Department announced today that Bechtel National Inc., Bechtel Corp., URS Corp. (predecessor in interest to AECOM Global II LLC) and URS Energy and Construction Inc. (now known as AECOM Energy and Construction Inc.) have agreed to pay \$125 million to resolve allegations under the False Claims Act that they made false statements and claims to the Department of Energy (DOE) by charging DOE for deficient nuclear quality materials, services, and testing that was provided at the Waste Treatment Plant (WTP) at DOE's Hanford Site near Richland, Washington. The settlement also resolves allegations that Bechtel National Inc. and Bechtel Corp. improperly used federal contract funds to pay for a comprehensive, multi-year lobbying campaign of Congress and other federal officials for continued funding at the WTP. Bechtel Corp. and Bechtel National Inc. are Nevada corporations. URS Corp. is headquartered in California, and URS Energy & Construction Inc. is headquartered in Colorado.

"The money allocated by Congress for the Waste Treatment Plant is intended to fund the Department of Energy's important mission to clean up the contaminated Hanford nuclear site, and this mission is undermined if funds are wasted on goods or services that are not nuclear compliant or to further lobbying activities," said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department's Civil Division. "This settlement demonstrates that the Justice Department will work to ensure that public funds are used for the important purposes for which they are intended."

"The environmental clean-up and restoration of the land that comprises the Hanford Nuclear Reservation is one of the single most important projects in this region," said U.S. Attorney Michael C. Ormsby of the Eastern District of Washington. "It is imperative that funds allocated for this project be used appropriately and judiciously – the public expects nothing less."

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