



**Homeland
Security**

DEC 2 2013

The Honorable Michael T. McCaul
Chairman, Committee on Homeland Security
United States House of Representatives
Washington, D.C. 20515

Dear Chairman McCaul:

Thank you for your letter regarding the Department of Homeland Security's (DHS) Enterprise Acquisition Gateway for Leading Edge Solutions II (EAGLE II) multiple award procurement. Because we share a passion for doing everything we can to protect the security of the country while conserving taxpayer dollars, I appreciate your concerns and am pleased to address your questions.

EAGLE II is one option available to DHS acquisition professionals to obtain information technology support services over the next five to seven years. It is a follow-on, multiple award procurement that includes three functional categories with nine tracks. All nine tracks underwent distinct competitions utilizing the same evaluation criteria. Out of the nine competitions, six tracks are currently available for use, while three tracks are in the final stages of the procurement process. To date, several protests have been dismissed and contract awards have been made to large, small, service-disabled veteran-owned, HUBZone, and 8(a) American companies. Task orders have already been placed in all three functional categories by several DHS Components.

Because there is ongoing procurement activity, the EAGLE II acquisition team is unable to answer your good questions in as much detail as we would like at this time. Attached are the responses that the team has developed at this stage in the process. Upon conclusion of the process, I look forward to coming up with the EAGLE II team to provide a comprehensive post-award briefing for your staff.

Thank you for your interest and support of the homeland security mission. An identical response has been provided to Chairman Duncan. Should you have any further questions, I may be reached through Jeffrey Readinger, Office of Legislative Affairs, at (202) 447-5890.

Respectfully,

A handwritten signature in black ink, appearing to read "Ni-Nayak", written over a horizontal line.

Nick Nayak
Chief Procurement Officer

Enclosure

Attachment: Responses to Specific Questions

1. *Why did it take DHS nearly three years to award this contract?*

EAGLE II consisted of nine distinct competitions which resulted in more than 95 contract awards. DHS began awarding contracts 21 months after proposals were received and completed contract awards within 31 months. Overall, DHS evaluated 639 proposals comprised of over 20,000 pages of technical proposals, thousands of past performance questionnaires and almost two million labor and indirect rates. DHS evaluated proposals in accordance with the solicitation, source selection plan, the Federal Acquisition Regulation (FAR), and the Homeland Security Acquisition Regulation (HSAR). DHS also applied a comprehensive quality assurance process to ensure the accuracy of the evaluations and that the offerors ultimately selected for award represented the best value to the government.

2. *Since it took so long to award, why did DHS not give vendors an opportunity to update their pricing with a Best and Final Offer (BAFO)?*

The EAGLE II solicitation clearly articulated the intent to award contracts without discussions. Offerors were expected to provide their best possible pricing with the submission of their initial proposal. Based on the quality of proposals received, DHS determined that discussions were not necessary, therefore final proposal revisions (i.e., BAFOs) were not requested. Offerors extended the acceptance period of proposals and proposed prices through signed bilateral agreements. Allowing offerors to resubmit pricing would have necessitated a reevaluation of all of the proposals in their entirety.

3. *It appears DHS discarded past performance and went with the lowest cost providers. Please explain why this is a good long-term acquisition strategy for DHS.*

DHS did not discard past performance, nor did DHS award to only the lowest priced providers. Proposals were evaluated on the following non-price factors in descending order of importance: corporate experience, past performance, program management, staffing, and small business participation approach (for other than small businesses). Past performance was the second most important non-price evaluation factor after corporate experience. DHS conducted a comprehensive evaluation of past performance, including the receipt and evaluation of questionnaires from offerors' references. The combination of these non-price factors was considered significantly more important than price; however, under all best value awards, price is a key consideration in assessing the value to the government and the taxpayer. This strategy ensures that EAGLE II contractors have the ability to provide innovative solutions and services that keep pace with advancements in technology at highly competitive prices.

4. *In October 2010, GTSI was suspended from government contracting by SBA after wrongdoing related to a DHS FirstSource contract. Please explain why this company was selected for EAGLE II. Is GTSI subject to any strict conditions or monitoring as a result of agreements they have with DHS or the SBA?*

GTSI is not subject to any strict conditions or monitoring at this time. The suspension of GTSI by the Small Business Administration was lifted based on an administrative agreement between those parties dated October 19, 2010, ultimately allowing GTSI to receive and perform government contracts. As of October 19, 2013, the SBA agreement with GTSI, which included monitoring, has terminated. Based on the evaluation criteria in the EAGLE II solicitation, GTSI (now doing business as Unicom Government, Inc.) was determined to represent a best value to the government. As part of the award process, DHS conducted a responsibility determination and identified no unfavorable information.

5. *The outcome of the source selection appeared to disproportionately negatively affect larger aerospace and defense (A&D) companies. How does DHS believe that the companies awarded under EAGLE II can match the breadth, depth and performance on contracts of similar size, scope and complexity for IT work that many of the A&D companies perform? What will DHS do to ensure taxpayers are getting the most for their money on these IT services?*

The EAGLE II contracts were awarded for IT services to support the homeland security mission. Several notable aerospace and defense contractors are among the EAGLE II contract holders within the unrestricted tracks, either as a prime or a core team member. DHS is confident that the pool of EAGLE II contractors will provide DHS programs with the capability to successfully perform homeland security IT projects of any size. EAGLE II contractors perform under the supervision of certified contracting and program professionals. In addition, task orders will be competed among contract holders.

6. *DHS has directed its component agencies to use EAGLE II for IT support services; however, given the list of companies and their potential lack of ability to deliver mission-critical services, what is the incentive for a component agency to use EAGLE II?*

There are many incentives for utilizing EAGLE II contracts, including streamlined acquisition procedures, the ability to conduct small business set-asides, and access to a cadre of qualified, pre-vetted DHS vendors at highly competitive prices. Each awardee demonstrated the qualifications to be a successful EAGLE II contractor and to deliver mission-critical services to DHS. Many of the contract awardees and core team members demonstrated significant experience and positive past performance directly supporting the mission of DHS through EAGLE and other contracts.

7. *Will component agencies be allowed to use exemptions to EAGLE II to leverage IT solutions from companies excluded from the contract? If so, how will that be accomplished on a consistent basis?*

Yes. DHS Directive 060-01 includes six exceptions (emergency operations, national security, remote locations, greater savings/lower prices, required by statute and sources specified by regulation) regarding the use of our strategically-sourced DHS-wide contract vehicles which must be approved at the DHS Component level. The Directive also includes a waiver process applicable when none of the six exceptions applies and the ordering activity desires to utilize a non-strategically sourced vehicle. Waivers undergo an established and efficient review and response process within the DHS Office of the Chief Procurement Officer.

8. *What will DHS do to explain EAGLE II decision making to vendor companies in a way that gives them useful feedback?*

As of November 29, 2013, DHS has provided comprehensive written debriefings to all EAGLE II offerors that properly submitted a request in accordance with FAR 15.506(a)(1). Each debriefing included a detailed summary of the evaluation of the offeror's proposal, responses to the offeror's questions and the rationale for why the offeror was or was not selected for award. Additionally, DHS has a procurement ombudsman and industry liaison within the DHS Office of the Chief Procurement Officer with an open door policy to meet with industry.

9. *What efforts did DHS take in crafting requirements for EAGLE II that would address U.S. citizen privacy rights and what efforts has DHS taken to ensure component agencies will be able to safeguard the privacy of U.S. citizen records data that may be included in IT support services shared among component agencies?*

The EAGLE II contracts contain the appropriate FAR and DHS clauses to safeguard the privacy of U.S. persons' records and data. Acquisition professionals have the flexibility to define and implement additional safeguards in the terms and conditions of individual task orders.

10. *Please quantify EAGLE II resource expenditures. a) How much time and money DHS has spent on preparing and executing the EAGLE II procurement to this point? b) How much has DHS obligated and expended to date for IT services provided under EAGLE II? c) How much does DHS plan to spend on these IT services in fiscal year 2014?*

DHS has spent an estimated \$9.26 million on preparing and executing EAGLE II contracts to this point. Savings expected to result from EAGLE II contract task orders are estimated to far exceed that number based on achieved savings of over \$240 million through EAGLE contract task orders.

As of November 15, 2013, a total of \$1.66 million has been obligated against EAGLE II contracts.

At this time and based on budget uncertainty, DHS does not have an estimate of planned spend for EAGLE II contracts in FY 2014.