

STATEMENT OF DR. PAUL SEBESTA
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RESEARCH

UNITED STATES DEPARTMENT OF AGRICULTURE

Before the

HOUSE SMALL BUSINESS COMMITTEE

SUBCOMMITTEE ON CONTRACTING AND TECHNOLOGY

September 24, 2009

Chairman Nye, Ranking Member Schock, Members of the Subcommittee, it is an honor to be here today to testify before you and I thank you for asking me to attend. My name is Dr. Paul Sebesta; I am the Center Director of the National Center for Agricultural Utilization Research (NCAUR), a United States Department of Agriculture (USDA), Agricultural Research Service (ARS) laboratory in Peoria, IL.

Nationwide, ARS operates over 100 laboratories and employs more than 8,100 people with a budget of approximately \$1.2 billion. The Center in Peoria currently employs over 245 people and has a budget of more than \$35 million annually. The multi-disciplinary research staff at NCAUR focuses on metabolic engineering, fermentation, food safety, environmental quality, biomaterials and processing technologies. The investments made in basic and applied research programs generate new products and technology from US agricultural commodities, contribute to the public good and continually improve our quality of life.

ARS recognizes that small businesses are critical to our economic recovery and strength, to building America's future, and to helping the United States compete in today's global marketplace. The staff of the Center also recognizes the fact that we are a part of the local community and that the investments we make have significant impacts on the local economy. In Fiscal Year (FY) 2009 thus far we have made over \$231,000 in purchases from 19 different small businesses in the central Illinois region.

ARS strives to assist and protect the interests of small business concerns in order to preserve free competitive enterprise which will strengthen the overall economy of our nation. ARS annually exceeds all Federal Small Business Procurement Preference Program mandates and its Small Business Coordinators and procurement personnel are extremely conscientious in assisting Americans to create, build, and grow small businesses. Thus far in FY 2009, ARS has awarded 69% of its purchase contracts, over \$91 million, to small or disadvantaged businesses. The numbers are similar in FY 2008 with 60%, over \$90 million, going to small businesses.

In order to focus on the regional and local economic impacts of ARS' contracting, I would like to focus on the Midwest. A recent review of prime contracts through the third quarter showed that ARS' Midwest Area (MWA), of which the Peoria center is a part, is on course to not only meet but in most categories to far exceed its fiscal year 2009 small business goals. The goals were established through analyses of the proposed budget, changes in mission requirements, and actual accomplishments of the previous fiscal year. The complete results of this survey, as well as a complete analysis of ARS' contracting nationwide, can be found in the Appendix of my testimony. The data reveals that two-thirds of all MWA contract dollars have been awarded to small businesses. It also shows that the area has nearly tripled the 3% mandatory Federal-wide

goal of contract dollar amounts to be awarded to Service Disabled Veteran Owned Small Businesses.

Examples of ARS' Midwest Area's commitment to finding local small businesses and forging strong business partnerships are three NCAUR small business contractors in Central Illinois that have been providing supplies and services to the center for several years:

- **Mauer Stutz, Incorporated, Peoria, IL** - Mauer Stutz, Inc. is an Architect & Engineering Firm who has an Indefinite Delivery Indefinite Quantity contract with the Midwest Area Office. Task Orders are issued against this contract to provide Pre-Design, Design, Bidding and Construction Phase Services for construction projects. The contract is in the fifth year of a five year contract. Task Orders issued to Mauer Stutz average \$40,000 annually.
- **Poly Generics Company, Creve Coeur, IL** - Poly Generics Company has been providing Environmental Protection Agency regulated hazardous waste pickup for over five years to NCAUR. Orders placed with Poly Generics Company average \$33,000 annually.
- **Herr Petroleum, Galesburg, IL** - Herr Petroleum has been providing diesel for supplemental heating for the NCAUR facility for over two years. Orders placed with Herr Petroleum total approximately \$23,000.

Additionally, a new five year Operations & Maintenance contract for NCAUR has just been awarded to Ameritac, a small business located in Concord, California, in the amount of \$10,052,057. This contract provides security services, grounds maintenance, janitorial

maintenance, receptionist services, mail services, and the skilled trades that perform preventive and corrective maintenance on the facility. The contract staffs approximately 37 local employees, which has created job opportunities in Peoria. Materials used in direct support of the operation of the facility are also provided under this contract. A significant portion of those materials are purchased locally from small businesses.

Also in the current forecast, the Midwest Area office is negotiating a newly established 8(a) small business mentor-protégé arrangement between JM Industrial Supply and River City Construction, both in central Illinois, for parking lot resurfacing, roofing, tuckpointing, boiler repair, concrete replacement and electrical work at NCAUR. The estimated cost of this award is between \$750,000 and \$1,000,000.

The Center in Peoria was established by Congress in 1938 and has occupied the same building since that time. In addition to being one of its oldest, the facility is also one of ARS' largest at over 270,000 square feet. Currently we are in the midst of a major multi-phase modernization project. The contracts associated with this project also present opportunities for small businesses and are a boon to the local economy. The current modernization contractor is Hammer Logistics Incorporated, located in Caseyville, IL. The majority of work performed on the modernization contracts is subcontracted to local contractors and materials are purchased through local suppliers. From 2000 through 2009, \$21.6 million in appropriated funds have been allocated to NCAUR for modernization. These construction projects create many jobs within the central Illinois region and stimulate the economy through material purchases.

The American Recovery and Reinvestment Act (ARRA) will significantly advance this modernization project as well as a large number of other ARS construction projects nationwide. The ARRA appropriated \$176 million to ARS to conduct deferred maintenance projects on its facilities. The agency has selected 38 projects across the agency, of which Peoria is the largest. The ARS Facilities Division is currently developing plans to finish the third and fourth phases of the modernization project. These phases will accomplish a complete refurbishing of one of the wings of the center as well as deferred maintenance of critical mechanical, electrical and plumbing systems, and incidental repairs. The total projected cost of these phases is estimated to be \$40.1 million dollars, which ARS estimates will create approximately 435 jobs. A tentative schedule for bid opening is this November with an anticipated award date of March 2010. As discussed earlier, ARS and the Midwest Area have a strong history of awarding significant portions of contracted dollars to small businesses and it is highly likely that this will continue as ARS works to obligate its ARRA funding.

In conclusion Mr. Chairman, ARS realizes that Federal procurement is associated directly with the economic well-being of firms, municipalities, cities, and in some cases, such as the Midwest Area, the welfare of several states or a region of the United States. The Agency, in concert with its Area offices, will continue to seek partnerships with small businesses and continue to not only meet but to far exceed Federal and Departmental small business goals.

Mr. Chairman and Ranking Member, thank you again for your invitation to testify today, I look forward to answering your questions.

Appendix

ARS Midwest Area Small Business Contracting Activity FY 2009

Midwest Area	Dollars	% of Total
Total Contracts	\$6,111,530.73	
Small Business	\$4,080,363.22	67%
8(a) Firms	\$1,819,590.38	30%
Small Disadvantaged Business Concerns	\$2,146,913.09	35%
Women-Owned Concerns	\$184,883.21	3%
HUBZone Concerns	\$283,350.70	5%
Service Disabled Veteran Owned Small Business	\$496,708.86	8%

USDA Agricultural Research Service
Procurement Preference Program Totals
for Fiscal Year 2008 and 2009

	<u>Actions</u>	<u>Dollars</u>
Fiscal Year 2009		
Small Business	2,967	\$91,150,611
Small Disadvantaged Business	599	\$31,928,068
8(a) Small Business	247	\$17,623,097
Service Disabled Veteran Owned Small Business	215	\$10,987,347
Women-Owned Small Business	484	\$13,986,076
HUBZone Small Business	207	\$32,401,344
AbilityOne (formerly JWOD)	32	\$1,841,766
Total Procurements (includes Other Than Small Businesses)	4,955	\$131,891,667

Fiscal Year 2009 October 1, 2008 through September 16, 2009

	<u>Actions</u>	<u>Dollars</u>
Fiscal Year 2008		
Small Business	3,585	\$90,313,702
Small Disadvantaged Business	639	\$33,636,277
8(a) Small Business	337	\$25,730,645
Service Disabled Veteran Owned Small Business	234	\$7,425,613
Women-Owned Small Business	554	\$20,457,859
HUBZone Small Business	271	\$15,881,843
AbilityOne (Formerly JWOD)	33	\$2,559,740
Total Procurements (includes Other Than Small Businesses)	5,884	\$150,424,623