

May 17, 2006



Homeland  
Security

The Honorable Bennie G. Thompson  
Ranking Member  
Committee on Homeland Security  
Washington, DC 20515

Dear Congressman Thompson:

It was a pleasure to meet with you last week and discuss the Department of Homeland Security's acquisition program. The following are my responses to the questions we discussed in your office on May 11, 2006:

***1. Shirlington Limousine initially won a contract with the Department for \$3.8 million in April 2004. This contract was awarded under the "historically underutilized business zone" (HUBZone) program. According to the Small Business Administration, to qualify under the HUBZone program, a business must meet all of the HUBZone criteria. It must be small, located in a HUBZone, be owned and controlled by one or more U.S. citizens, and at least 35% of its employees must reside in a HUBZone. We are concerned that Shirlington Limousine may not meet each of these criteria. An internet search did not reveal a physical address for Shirlington Limousine. We did, however, find a Post Office box number and a phone number. Unfortunately, a call to the listed phone number connected with a messaging service located in California. Unfortunately, that service was unable to provide information on the business' physical address. Therefore, please verify that this business meets each of the criteria for a HUBZone enterprise, and specifically whether its physical address at the time of the April 2004 award was within a HUBZone designated area.***

Two contracts for shuttle bus and executive sedan service have been awarded to Shirlington Limousine and Transportation, Inc. The first Contract HSSCHQ-04-C-00688 was awarded on April 27, 2004, and the second Contract HSHQDC-05-C-0036 was awarded on October 27, 2005. Both solicitations were restricted to HUBZone small business concerns, and awarded under a Small Business Administration (SBA) set-aside for HUBZone small business. For the FY 2004 contract, the address listed on the face of the contract is: 425 Eighth Street, NW, Suite 227, Washington, DC 20004. Our contract files indicate that "upon receipt of proposals, the Contract Specialist verified the designation of each vendor as being a HUBZone vendor." This designation was confirmed by each vendor's representations and certifications, which is included in their proposal and the information contained in the Central Contractor Registration/Pronet. Additionally, Shirlington Limousine's designation as a HUBZone small business was challenged in a protest filed by one of the unsuccessful Offerors under the second contract. The SBA has jurisdiction over such matters and in its written decision on the size standard protest upheld that Shirlington Limousine met all of the requirements for a HUBZone small business.

**2. *Additionally, as to the April 2004 contract, it has been widely reported that Shirlington Limousine was the sole bidder. Unfortunately, it is not clear whether this contract was designed as a sole source award or whether this was a full and open competition of the type required under Federal procurement regulations. As you know, under Federal procurement regulations, a sole source award for a contract of this size is generally reserved for instances in which the source selected is the only source capable of providing the goods or services. A sole source contract for routine transportation and limousine services in an area replete with taxicab and limousine services companies, such as the Washington, DC metropolitan area, appears to be a misuse of the sole source designation. Therefore, please determine the rationale for awarding the April 2004 contract as a sole source award.***

The reports of the FY 2004 being a “sole source” award are inaccurate. The DHS competitive solicitation for shuttle bus and executive sedan services was posted on the Federal Business Opportunities (FEDBIZOPS) website and identified as HUBZone small business set-aside. The initial decision to set the procurement aside for HUBZone award was based on market research conducted by the DHS Fleet and Transportation Program Manager and the Contracting Officer. The research consisted of a review of the Federal Central Contractor Registration (CCR) database, and a search for previous contracts for similar services. Information from the market research supported the determination that there was a reasonable expectation that two or more HUBZone firms would be likely to participate by preparing offers. Therefore, the Contracting Officer set the procurement aside for only HUBZone firms as required by the Federal Acquisition Regulation (FAR) Part 19.1305. Further supporting the decision was the DHS Management Directive 0720.1, Small Business Acquisition Program, which establishes the DHS policy for set-aside decisions. That Management Directive states in part, “Consistent with our mission, DHS will provide maximum practicable opportunities in our acquisitions to small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.” A copy of the Management Directive is attached.

Four (4) companies responded to the FY 2004 solicitation. Two (2) companies were determined to be ineligible for a HUBZone set-aside award based on their small business status. The third company was issued a question requesting classification on its HUBZone small business status, which was unclear due to its proposed teaming arrangement. Upon receipt of additional information from the company and after conferring with DHS General Counsel and the appropriate SBA officials, it was determined the third firm was ineligible for award based on its teaming arrangement with a non-HUBZone small business concern. Therefore, Shirlington Limousine was the only remaining company eligible for award. Consistent with the Federal Acquisition Regulation, the Contracting Officer completed the evaluation of the price proposed and in conjunction with the technical evaluation results determined that the Shirlington Limousine proposal offered the best value based on Technical Capability, Capability of Shuttle Bus and Sedan Drivers, Past Performance and Price. It should be noted that the technical evaluation of the proposals was conducted prior to any questions concerning the eligibility of the third company. In accordance with FAR 19.1305(d) where “... the contracting officer receives only one acceptable offer from a qualified HUBZone small business concern in response to a set aside, the contracting officer should make an award to that concern.”

Only DHS executive are given access to utilize the services provided under the contract. The Office of the Chief Administrative Officer (OCAO) working with the various organizations within DHS maintains a list of authorized DHS executives that can use these services. The list is furnished to the Shirlington Limousines dispatchers which are located at the DHS facility on 7<sup>th</sup> & D Streets, SW. When a call for transportation services is made, the dispatchers review the authorized personnel list to determine if the individual is eligible to use the service. Based on eligibility the call is logged and the car dispatched.

***d. What protocol was established to differentiate the need to use the Limousine service rather than the motor pool or other leased vehicles;***

Several factors were considered in evaluating the effective cost of providing sedan service vs. taxi service. These factors include:

- The sedan drivers employed under this contract have undergone a background investigation by the Office of Security and been approved to perform on this contract;
- Taxis do not regularly frequent remote areas, including the Nebraska Avenue Complex. A taxi company has to be called from the Visitors Center and the wait can be as long as 20-30 minutes;
- By using the sedan service, a dispatcher is in a better position to encourage multiple riders in a sedan going to the same location. If executives were without the service, or limited service, each executive would more inclined to catch a taxi for themselves without regard to sharing a cab with other executives/employees;
- As the sedans are under a DHS lease, they provide an additional transportation capacity in the event of a Continuity of Operations (COOP) or other emergent situation;
- The use of taxi service requires the submission and processing of a local travel voucher in order for the traveler to claim reimbursement. This 'back office' processing is conservatively estimated to cost at least \$200 per voucher; and
- Use of a sedan service allows maximum flexibility in supporting executive and senior staff with a need to travel to or from a wide variety of locations in the greater metropolitan area.

***e. Whether a log or other record was kept to determine which Department employees or officials used the Limousine service?***

For each pick up and delivery of sedan service passengers, drivers are required to notify the dispatcher of the pickup location, time, and identify the passenger(s), and the drop-off location and time. A log is maintained by the dispatchers and provided to the OCAO.

**3. Public records indicate that between 2002 and 2005, the Shirlington Limousine Company had many financial difficulties and performance problems, including court actions for unpaid debts and a contract termination for poor performance. As you know, under Federal procurement regulations a vendor must be deemed a “responsible bidder” by the contracting authority. Given its history of financial and performance problems, please determine the steps taken and the conclusions reached by the Department’s acquisitions office to determine that this company was a “responsible bidder.”**

Consistent with the requirements of Part 9.104 of the Federal Acquisition Regulation, the Contracting Officer confirmed that the company was not listed on the Excluded Parties List System (EPLS), checked past performance references, and reviewed the Dun & Bradstreet database for information concerning the firm’s financial status and eligibility for award. None of these sources revealed any issues or concerns with the company’s capability to meet its obligations under the contract. Based on this review, two DHS Contracting Officers on two separate occasions each determined Shirlington Limousine and Transportation, Incorporated to be a responsible offeror eligible for award of each contract.

**4. Reports indicate that in October 2005, the Department awarded a \$21 million contract to Shirlington Limousine for transportation services. Please provide information on:**

**a. Whether the Department currently has a motor pool which provides transportation services for its high ranking officials;**

DHS does not currently maintain a government-owned or operated motor pool for transportation services. The transportation services contract was established to provide shuttle bus services for all DHS employees traveling to and from the various DHS facilities located in the Washington DC metropolitan area and to provide drivers to operate DHS-leased sedans which are used to provide transportation for the agency’s executives to various locations.

The contract requires the contractor provide 10 sedan drivers to operate the DHS-leased sedans and 16 mini-bus drivers to operate 12 contractor-owned mini-buses with a 25-passenger capacity. The shuttle buses are used to operate 10 routes continuously 12 hours per day, 5 days per week. The DHS-leased sedans and the contractor-owned mini-buses are stored at the Nebraska Avenue Complex (NAC). The contractor’s fleet manager is located at the NAC and visually inspects each bus and sedan before it is released to a driver and when it is returned to the NAC.

**b. Whether the Department has leased vehicles for use in official government business, and if so, how many such vehicles are leased;**

DHS utilizes leased sedans for the executive transportation service. There are a total of 10 sedans which are leased by DHS and housed at the NAC.

**c. Which officials were given access to utilize the services under the Shirlington Limousine contract?**

Only authorized DHS employees with proper DHS identification badges are authorized to ride the mini-buses. Mini-bus drivers visually inspect the badges and keep a count of the number of employees transported on each route.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. C. Duke', with a long horizontal flourish extending to the right.

Elaine C. Duke  
Chief Procurement Officer