

**STATEMENT OF LEON OWENS, PRESIDENT, SWIFT & STALEY INC., PADUCAH, KY
BEFORE THE U.S. HOUSE OF REPRESENTATIVES SMALL BUSINESS COMMITTEE,
Exploring the State of Western Kentucky's Small Businesses
MONDAY, JUNE 18, 2018, 10:00 a.m. CDT**

Good morning.

My name is Leon Owens. I am president of Swift & Staley Inc., a 100% employee owned local small business government and commercial contractor.

I would like to thank the members of the House Small Business Committee; and, especially Kentucky's 1st Congressional District Congressman James Comer for hosting the Field Hearing in Paducah. We sincerely appreciate the opportunity to share our story and provide insight into the challenges we encounter.

Swift & Staley Mechanical Contractors Inc. was established in 1979, and the initial focus was to provide electrical and mechanical contracting support services to local businesses. In 1994, the company split, and a husband and wife team, Mr. and Mrs. W.G. Holsapple, Jr. purchased the assets of the mechanical portion of the business. The Holsapple's had a vision for Swift & Staley Mechanical and redirected the company's efforts toward mechanical maintenance support for area hospitals. The Holsapple's ultimately wanted to position the company for business opportunities in the government contracting arena. The vision came to fruition in 2000 when Swift & Staley Mechanical Contractors was awarded a General Site Services subcontract by Bechtel Jacobs Company, LLC to perform facility maintenance, roads & grounds maintenance, and janitorial services at the site of the Paducah Gaseous Diffusion Plant in Paducah, KY.

The U.S. Department of Energy-Office of Environmental Management (DOE-EM) awarded Bechtel Jacobs a Management and Integration (M&I) performance-based 5 1/2 year contract that included a provision for Bechtel to serve as a site integrator, hiring subcontractors through competitive bids to accomplish the EM mission in Paducah. In 2004, recognizing the potential benefit that small business could provide and seeking to improve small business contracting goals, DOE solicited request for proposals (RFP) for the first DOE-EM complex wide small business prime contract, the Paducah Site Infrastructure Contract.

Based on the excellent performance that Swift & Staley Mechanical had experienced as a subcontractor to Bechtel, the Holsapple's formed a team and submitted a proposal for the opportunity. The scope of the initial contract included: environment, safety, health and quality assurance; safeguards and site security (excluding the protective force), roads & grounds maintenance; snow and ice removal; facility maintenance; records management and document control; fleet and property management; information technology; and janitorial services. In June 2005, Swift & Staley Mechanical commenced work as a small business prime contractor. The initial contract value was approximately \$48M, the contract vehicle was a cost plus award fee procurement, and Swift & Staley Mechanical had approximately 80 employees.

Since the initial contract award in 2005, Swift & Staley has won the re-competitions in 2010 which was another cost plus award fee contract with an approximate value of \$140M, and again in 2015 with the contract vehicle firm fixed price hybrid (cost reimbursement and indefinite delivery indefinite quantity items), approximate value of \$177M, and the current number of employees is 160. The contractual scope of work has expanded to include engineering, construction and additional facility surveillance and maintenance.

We have been the recipient of 2 DOE Small Business of the Year awards, 1 Hub Zone of the Year award, the Commonwealth of Kentucky Governors Health and Safety Award in multiple years, and worked in excess of 1.7 Million hours without a lost work day case. The last point is the equivalent of approximately 7 1/2 years of work. The client has consistently rated Swift & Staley's contract performance highly favorable. In addition, we have been an excellent community partner contributing time and financial support to the Paducah Area Chamber of Commerce, Paducah Economic Development and a host of other non-profit and charitable organizations.

In 2012, we changed the Company name to Swift & Staley Inc. This change was made to alleviate confusion with another company with a similar name. In 2016, North Wind Solutions, an Alaska Native Corporation Small Business and Swift & Staley formed a joint venture to submit a proposal for a similar DOE-EM Small Business set-aside contract in Piketon, Ohio. The effort was successful and the joint venture company, Portsmouth Mission Alliance, was awarded a firm fixed price hybrid contract with an approximate value of \$150M and the alliance has 170 employees.

Swift & Staley Inc. transitioned from a privately owned company to an Employee Stock Ownership Plan (ESOP) Company in May 2017. We are aggressively looking to expand our service to other federal sectors and locations while maintaining our core competencies and client focus.

On behalf of all ESOP small businesses, we would like to thank the Committee for supporting H.R. 5236 (Main Street Employee Ownership Act).

As a small business prime contractor, we would like to highlight a few of the challenges that we have encountered:

1. Small Business Size standard- Swift & Staley Inc.'s primary North American Industry Classification System (NAICS) Code is 561210-Facility Support Services with a revenue basis of \$38.5M on a 3 year rolling average. Because we obtained additional work to support the client in 2014, 2015, and 2016, Swift & Staley's revenue exceeded the \$38.5M threshold for 2017 and consequently we were unable to competitively bid any small business set-aside procurements.

We respectfully request the Committee review the small business size standard methodology, simplify the process, and include an annual increase in the revenue threshold to allow for small business growth.

2. At the National Laboratories across the nation, the U.S. Department of Energy should require the outsourcing to small business of all necessary site functions that otherwise distract the labs from executing their core mission in high-end science, research and development, and weapons. Example areas to be outsourced include: environmental compliance, facilities maintenance, safeguards and security, occupational medical services, IT/cyber, roads and grounds, capital project engineering/construction, maintenance and repair of real property. Importantly, every dollar subcontracted to a small business by a National Laboratory, counts towards DOE's prime contracting goals.
3. Competitive prime opportunities are limited for capable small businesses and should be made available through a more balanced and fair procurement process. Unless a small business possesses extraordinary qualifications, only a few companies (large or small) within the DOE sector can qualify for most prime opportunities.
4. Small businesses are often left with tier two DOE opportunities that are not meaningful in nature and predominantly staffing contracts or less sophisticated project scope that is low price driven or

reverse auction. The terms and condition for execution are often iron clad and all risk is driven down to the small business. Most prime contractors would not agree to perform work under these same terms and conditions they impose on small business contractors.

5. Consistent with Unrestricted prime contracts, the DOE should consider a 10-year contract term that includes a 5-year base period and one or two multi-year option periods. Longer contracts enable small businesses to bid competitive pricing through forward-pricing models. It also encourages a long-term Government/Contractor partnering where efficiencies in execution are gained and progress is made. It eliminates frequent competitive bids that are costly and time-consuming for both the Government and the contractor.

Thank you for your consideration.