

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Procurement List; Proposed additions and deletions

AGENCY: Committee for Purchase From People Who Are Blind or Severely Disabled.

ACTION: Proposed additions to and deletions from Procurement List.

SUMMARY: The Committee is proposing to add to the Procurement List a commodity and services to be furnished by nonprofit agencies employing persons who are blind or have other severe disabilities, and to delete a commodity and a service previously furnished by such agencies.

COMMENTS MUST BE RECEIVED ON OR BEFORE: December 3, 2001.

ADDRESSES: Committee for Purchase From People Who Are Blind or Severely Disabled, Jefferson Plaza 2, Suite 10800, 1421 Jefferson Davis Highway, Arlington, Virginia 22202-3259.

FOR FURTHER INFORMATION CONTACT: Sheryl D. Kennerly (703) 603-7740.

SUPPLEMENTARY INFORMATION: This notice is published pursuant to 41 U.S.C. 47(a)(2) and 41 CFR 51-2.3. Its purpose is to provide interested persons an opportunity to submit comments on the possible impact of the proposed actions.

Additions

If the Committee approves the proposed addition, the entities of the Federal Government identified in this notice for each commodity or service will be required to procure the commodity and services listed below from nonprofit agencies employing persons who are blind or have other severe disabilities.

I certify that the following action will not have a significant impact on a substantial number of small entities. The major factors considered for this certification were:

1. The action will not result in any additional reporting, recordkeeping or other compliance requirements for small entities other than the small organizations that will furnish the commodity and services to the Government.

2. The action will result in authorizing small entities to furnish the commodity and services to the Government.

3. There are no known regulatory alternatives which would accomplish the objectives of the Javits-Wagner-O'Day Act (41 U.S.C. 46-48c) in connection with the commodity and

services proposed for addition to the Procurement List. Comments on this certification are invited. Commenters should identify the statement(s) underlying the certification on which they are providing additional information. The following commodity and services are proposed for addition to Procurement List for production by the nonprofit agencies listed:

Commodity

Stand, Office Machine

7110-00-601-9849

7110-01-136-1563

7110-00-601-9835

NPA: Knox County ARC, Knoxville, Tennessee

Government Agency: GSA/National Furniture Center for Zones 2 and 3

Services

Compact Disc Duplication and Printing, U.S. Department of Agriculture, Beltsville, Maryland

NPA: ServiceSource, Inc., Alexandria, Virginia

Government Agency: U.S. Department of Agriculture

Mailroom Operation, Federal Deposit Insurance Corporation, 1910 Pacific Avenue, Dallas, Texas

NPA: Dallas Lighthouse for the Blind, Inc., Dallas, Texas

Government Agency: Federal Deposit Insurance Corporation

Photocopying, James E. Van Zandt Veterans Affairs Medical Center, Altoona, Pennsylvania

NPA: North Central Sight Services, Inc., Williamsport, Pennsylvania

Government Agency: Department of Veterans Affairs

Deletions

I certify that the following action will not have a significant impact on a substantial number of small entities. The major factors considered for this certification were:

1. The action will not result in any additional reporting, recordkeeping or other compliance requirements for small entities.

2. The action will result in authorizing small entities to furnish the commodity and services to the Government.

3. There are no known regulatory alternatives which would accomplish the objectives of the Javits-Wagner-O'Day Act (41 U.S.C. 46-48c) in connection with the commodity and services proposed for deletion from the Procurement List.

The following commodity and service are proposed for deletion from the Procurement List:

Commodity

Hood, Radioactive Contaminant Protective

8415-00-NSH-0027

Service

Janitorial/Custodial
U.S. Air Force Recruiting Station,
Wasilla, Alaska

Sheryl D. Kennerly,

Director, Information Management.

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COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Procurement List; Additions

AGENCY: Committee for Purchase From People Who Are Blind or Severely Disabled.

ACTION: Additions to the Procurement List.

SUMMARY: This action adds to the Procurement List a commodity and a service to be furnished by nonprofit agencies employing persons who are blind or have other severe disabilities.

EFFECTIVE DATE: December 3, 2001.

ADDRESS: Committee for Purchase From People Who Are Blind or Severely Disabled, Jefferson Plaza 2, Suite 10800, 1421 Jefferson Davis Highway, Arlington, Virginia 22202-3259.

FOR FURTHER INFORMATION CONTACT: Sheryl D. Kennerly (703) 603-7740.

SUPPLEMENTARY INFORMATION: On August 31 and September 18, 2001 the Committee for Purchase From People Who Are Blind or Severely Disabled published notices (66 FR 45959 and 48115) of proposed additions to the Procurement List.

The Following Comments Pertain to Milk, Non-Fat Dry, Instantized

Comments were received from the three current contractors for the dry milk, from workers at one of the designated nonprofit agencies, from five Members of Congress, two State representatives, and a county executive supporting the proposed addition to the Procurement List, and from two Members of Congress and two State legislators opposing the proposed addition. Congressional and State legislative opposition to the proposed addition focuses on one plant operated by one of the three current contractors, a very large business which will be only minimally impacted by the addition of dry milk to the Procurement List. That contractor told the Committee it intends to sell the plant to another of the current contractors for the dry milk, but will close it instead if the proposed addition is approved.

If this plant is closed, the contractor indicated that 22 people will lose their jobs, in an area where comparable employment is not easy to find locally. The proposed addition to the Procurement List, however, is projected to create over 100 jobs for people with severe disabilities, a group whose unemployment rate has recently been estimated to be 70 percent, well above the rate for other groups including those in the locality of the affected plant. Consequently, the Committee has concluded that the benefit to people with severe disabilities created by this Procurement List addition outweighs the harm which may be done to the plant's employees, who could more readily find other jobs.

The current contractor which intended to purchase the other contractor's plant informed the Committee that the proposed addition would have a serious impact on its plant which produces dry milk for the Government. Like the plant mentioned above, this contractor's plant has become increasingly dependent on Government sales in recent years as consumer use of dry milk has declined, to the point where such sales now represent a large minority of the plant's total sales. Loss of these sales, according to the contractor, will mean downsizing of the plant and loss of jobs for an unspecified number of its 61 workers.

As indicated above, the Committee believes that any job loss at this contractor's plant would be outweighed by the creation of a larger number of jobs for people with severe disabilities. In addition, the four nonprofit agencies designated to supply the Government with the dry milk intend to subcontract the instantizing process to an approved supplier. This contractor is one of the approved suppliers with which the nonprofit agencies are negotiating. If this contractor supplies instantized milk to the nonprofit agencies, the job losses at its plant should be less than it currently estimates.

Both these contractors noted that there are health issues involved in the production of instantized dry milk, and that their plants are certified by the U.S. Department of Agriculture (USDA) as meeting the health standards for dry milk production. USDA has informed the Committee that the designated nonprofit agencies either have been certified as meeting these standards or are in the process of being certified.

The third current contractor informed the Committee that it is a small business, and that USDA policy prohibits the transfer of contracts from successful contractors such as itself to the Committee's program. USDA has

informed the Committee that it has no such policy.

The contractor claimed that it would be severely impacted by not being able to recoup its investment in equipment and processes needed to produce the dry milk through further Government contracts. The contractor also claimed that the process of having the milk instantized by a subcontractor in bulk and shipped to the nonprofit agencies for packaging at their locations would destroy the effects of the instantizing and make the milk unable to meet Government quality standards, as well as raising the price to the Government. The contractor provided a letter from its instantizing subcontractor which noted that losing this contract could result in job losses for employees with disabilities at the subcontractor's plant.

By its own admission, this contractor is an "autonomous subsidiary" of a larger entity, which is not a small business. The Committee looks at the entire corporate structure of an affected contractor when assessing impact of a Procurement List addition. 41 CFR 51-2.4(a)(4)(A). Loss of the dry milk contract would not cause a severe impact on the larger corporate entity. The contractor has only been producing dry milk for USDA for a short time, so it cannot be said to be dependent on this contract. Because of the competitive bidding requirement, the contractor cannot rely on the possibility of retaining the contracts for an item long enough to recoup a substantial investment. Accordingly, the Committee does not consider the frustration of this expectation to constitute severe adverse impact on the contractor.

USDA has informed us that instantized milk can be successfully shipped in bulk without noticeably reducing the quality of the milk, and such shipments are the norm in the dry milk industry. The designated nonprofit agencies are considering using the instantizing subcontractor mentioned in the previous paragraph to do their instantizing, in which case any loss of jobs by that company would be less than the subcontractor has predicted. The price of the dry milk would not be increased beyond the level of a fair market price as a result of this addition to the Procurement List.

For the reasons stated in the above paragraphs, the Committee has concluded that this addition to the Procurement List is not likely to have a severe adverse impact on the three current suppliers of this dry milk. However, in order to provide a more orderly transition from commercial suppliers to the Committee's program, and to mitigate the immediate impact of

the addition on those suppliers, the Committee has agreed to a partial waiver of its mandatory source authority over the dry milk, in the amount of 34 percent of USDA's supply requirement, for a period not to exceed one year.

The Following Material Pertains to All of the Items Being Added to the Procurement List

After consideration of the material presented to it concerning capability of qualified nonprofit agencies to provide the commodity and service and impact of the additions on the current or most recent contractors, the Committee has determined that the commodity and service listed below are suitable for procurement by the Federal Government under 41 U.S.C. 46-48c and 41 CFR 51-2.4.

I certify that the following action will not have a significant impact on a substantial number of small entities. The major factors considered for this certification were:

1. The action will not result in any additional reporting, recordkeeping or other compliance requirements for small entities other than the small organizations that will furnish the commodity and service to the Government.

2. The action will not have a severe economic impact on current contractors for the commodity and service.

3. The action will result in authorizing small entities to furnish the commodity and service to the Government.

4. There are no known regulatory alternatives which would accomplish the objectives of the Javits-Wagner-O'Day Act (41 U.S.C. 46-48c) in connection with the commodity and service proposed for addition to the Procurement List.

Accordingly, the following commodity and service are added to the Procurement List:

Commodity

Milk, Non-Fat Dry, Instantized

8910-00-NSH-0002

Service

Office Supply Store

Federal Aviation Administration, Mike Monroney Aeronautical Center, Oklahoma City, Oklahoma

This action does not affect current contracts awarded prior to the effective date of this addition or options that may be exercised under those contracts.

Sheryl D. Kennerly,

Director, Information Management.

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