

# Oneida Business Committee Agenda Request

1. Meeting Date Requested: 5 / 24 / 18

## 2. General Information:

Session:  Open  Executive - See instructions for the applicable laws, then choose one:

Agenda Header:

Accept as Information only

Action - please describe:

Business Committee approval of report

## 3. Supporting Materials

Report  Resolution  Contract

Other:

1.

3.

2.

4.

Business Committee signature required

## 4. Budget Information

Budgeted - Tribal Contribution

Budgeted - Grant Funded

Unbudgeted

## 5. Submission

Authorized Sponsor / Liaison:

Primary Requestor:

Jacquelyn Zalim, OESC Chairwoman of the Board

Your Name, Title / Dept. or Tribal Member

Additional Requestor:

\_\_\_\_\_  
Name, Title / Dept.

Additional Requestor:

\_\_\_\_\_  
Name, Title / Dept.

## Oneida Business Committee Agenda Request

### 6. Cover Memo:

Describe the purpose, background/history, and action requested:

Corporate reporting requirement - Business Committee approval of report

1) Save a copy of this form for your records.

2) Print this form as a \*.pdf *OR* print and scan this form in as \*.pdf.

3) E-mail this form and all supporting materials in a **SINGLE** \*.pdf file to: [BC\\_Agenda\\_Requests@oneidanation.org](mailto:BC_Agenda_Requests@oneidanation.org)

# **Oneida ESC Group, LLC**

**2nd Quarter Report – FY 2018**

**May 9, 2018**

**OESC Board of Managers:**

**Jacquelyn Zalim, Chair**

**John L. Breuninger**

**Leslie Wheelock**

Oneida ESC Group, LLC (OESC), was formed in 2012 as a holding company to house subsidiaries to do business with the federal government. OESC has four subsidiaries, Oneida Total Integrated Enterprises (OTIE), Mission Support Services (MS2), Sustainment and Restoration Services (SRS) and Oneida Engineering Solutions (OES).

OESC's subsidiaries are supported by OESC with general management and administrative functions, including accounting and contracting management, human resource management, IT support, overall management, and marketing, bid and proposal. Below is a summary of OESC and its subsidiary's activities.

### **Narrative Report**

#### **a. Explanation of the core of the Corporation's business practices and market overview**

OESC's subsidiary limited liability companies focus on contracts issued by the government agencies for engineering, science and construction work. OESC's revenue is derived from the subsidiaries that operate in the Small Business Administration Business Development Markets primarily as 8(a) and Small Business designated companies.

OESC and its subsidiaries are a highly technical organization providing research /investigation, design, engineering and project management. Oneida ESC operates in five core services:

- Environmental services – Assessment, investigation, design, testing and monitoring
- Remediation – Action Planning, project management, extraction of contaminated materials.
- Construction and demolition – Repair, service, abatement, renovation and new.
- Engineering Services – Design and project managements for sites and site design, structural, mechanical, roads, bridges and water systems.
- Munitions response services – Investigation and remediation of munitions and ordinances.

**Oneida Total Integrated Enterprises (OTIE)** –Competes in the full and open marketplace as a small business (less than 750 employees). Core competencies will include environmental services, environmental remediation and project management.

**Mission Support Services (MS2)** – 8a Graduation date is 3/15/2022.

MS2 is focused on construction management contracts. Core competencies will include construction management services, New and renovated structures, HVAC systems and controls Utility systems - water, sewer, gas, electrical, Electrical power generators, transformers, and distribution, Communication and security systems, Interior remodeling, upgrades focused on the federal market with supplemental markets includes commercial and tribal construction projects.

**Sustainment & Restoration Services (SRS)** – 8a Graduation date is 2/18/2023.

SRS core competencies include facility investigations, corrective measures design/implementation, remedial designs/remedial actions, including characterization, assessment, and cleanup, Wetlands assessment and wetlands restoration design, Brownfields

– Phase I & II ESAs, Technical Enforcement Support Facility and asset inventory, evaluation, and assessment Engineering design for site development, utility systems, and facilities Engineering design for wastewater treatment and sewerage systems.

**Oneida Engineering Solutions (OES)** - OES focuses on performing transportation engineering services for governmental agencies (Federal, State and Local). Work is federally funded and abides by the Brooks Act; requiring selection based on competency, qualifications and experience. OES is in the process of certifying as a Disadvantage Business Enterprise in the state of WI.

**b. Explanation of the Corporation’s current place within the market**

OESC operates in a fiercely competitive and expanding market. An abundance of Architecture / Engineering / Construction (AEC) firms provide similar services offered by OESC. Competitive factors for our success include performance reputation, network, price, geographic location, and availability of technically skilled personnel (flexibility).

Three of the top five federal spending agencies awarding non-competitive contracts are OESC customers.

**c. Explanation of the outlines of strategies by the Corporation for improved value in the market**

OESC’s subsidiaries are positioned to take advantage of existing relationships, contracts and networks OTIE established since 2008.

We constantly evaluate solutions to broaden and capture a larger share of the Federal and State markets. Each subsidiary would operate based on primary NAICS codes with secondary NAIC codes that overlap with the sister companies.

**d. Explanation of the Corporation’s relative performance vs. competitors and identification of key competitors within the market**

Our competitors include: Small Businesses, Alaskan Native Corporations (ANCs); Native American Owned, tribally-owned small businesses; and Native Hawaiian Organizations (NHOs). Each of these businesses is treated in a category of small business that may be awarded prime contracts without competition. Oneida ESC subsidiaries also compete against other 8(a) firms for set-aside acquisitions, including small businesses that are categorized as Woman-Owned, HUB Zone, Service Disabled Veteran Owned small business, and others. Finally, Oneida ESC competes in the full and open markets without restrictions.

Typical competitors for OTIE include Small Business firms with fewer than 750 employees in NAICS 562910. Another area of significant competition is the regional Transportation Engineering firms in Wisconsin for WI DOT work (OES).

**e. Explanation of any material changes or developments in the market or nature of business the Corporation is primarily engaged in since the last reporting period.**

The threat of a government shutdown and the actual 3 day temporary shutter of governmental services in January have caused significant delays in contract awards and execution.

**f. Identification of the primary goals and targets of the Corporation and progress made towards accomplishment of the same**

*Goals for Oneida ESC Group*

Growth at a reasonable rate is the primary business goal for OESC. Financial reward for OESC is when we align our investment strategies according to our client's mission priorities.

*Targets for OESC Subsidiaries:*

Opportunities continue to exist in geographies where OTIE, MS2, SRS and OES have successful past performance; and, where personnel involved in such projects have established strong relationships with teaming partners and clients. Opportunities continue to emerge based on combined efforts of OESC's marketing and sales efforts. Target clients continue to include Department of Defense agencies (various bases – Navy, Air Force, and Army), Environmental Protection Agency, WI Department of Transportation, Milwaukee Metropolitan Sewer District and the Oneida Nation.

New target clients include expended services on existing bases, geographical growth on "new" bases OESC has not performed work on in the past, municipalities geographical related to OESC offices and other Tribal Nations.

**g. Identification of key elements for success in strategies given, including risks, resources and relations available and needed in order to successfully fulfill outlined strategies**

*Key elements for success in the OESC model include:*

- Key performance indicators include safety, staff turnover, profitability, staff utilization, backlog and capacity.
- Adapting to a changing customer base, contract type, or key skill set. We recognize and reconfigure based on identified needs to delivery strategic growth.
- Identification of contract capacity and access is under regular review.
- Increasing our geographic footprint and capabilities.

*Risk in the marketplace*

- We operate in highly competitive industries
- Contracting is often erratic and unpredictable; cancellations or delays in pending awards by government agencies could adversely affect us
- International operations carries additional risk
- Loss of key personnel
- Adoption of new contract laws or regulations.

**h. Identification of medium (two to five year) and long (greater than five year) prospects and sustainability of the Corporation given the present status, strategies and risks**

Our medium and long range prospects for sustainability are balanced by business diversification and consistent project management delivery.

We have successfully groomed long-term business relationships with key US Agencies for services delivered around the world. Contracting with the US government remains a reliable strategy in terms of payment, stability, and growth opportunity.

***Medium-term prospects***

OESC's prospects in the two- to five-year term rely on our sturdy performance in engineering, science and construction to existing clients; adjacent clients/services and geographic areas; and new service offerings to new clients. OESC continues to focus on business development and talent acquisition to meet our growth metrics.

***Long-term prospects***

OESC envisions steady growth with our key customers over the long term. OESC is nimble and agile where we can focus on governments funding flows.

Continued reliance on low-price awards is a staple in our business model and we continue to adjust the pricing structure to ensure that we remain competitive. We continue to concentrate marketing efforts on maximizing our return on investment through expanding support for existing customers, developing tasks under existing contracts, and collaborating with firms that need either small business participation or our specialized expertise.

**i. Explanation of market growth (if any) experienced by the Corporation, identifying sources of growth (i.e., organic growth through market share increase, volume of business increase, acquisition of competition or other assets, etc.)**

- Short term
  - 52 pending proposals, \$19.5 M in estimated backlog.
  - IDIQ Capacity drawdown of 8.7% from previous quarter. A contract that government clients use for a small number of pre-approved companies to compete on task orders.
  - 224% of FY18 revenue in IDIQ proposals.
    - Note: Often there are multiple winners for these IDIQ contracts and OESC firms may only see a small percentage of the potential backlog.
- Medium to long term
  - 962% in Operational sales leads
    - This is intelligence gathered from CO, PM and other contacts in the field with pending RFQ, RFP and Sources Sought. This represents a total and does not break out contract terms.

- Note: often we are a sub or partner with several other companies in these proposals and will only see a small percentage of the potential revenue.

**j. Summary of the assets of the Corporation, including but not limited to its financial, physical, employee, customer, brand or intellectual property, and supply assets.**

OESC ASSETS
<p><b><u>Financial (On Balance Sheet)</u></b>                      Cash –Checking Account                      Work In Process on Current Projects                      Fixed Assets such as Vehicles, Furniture and Fixtures, and Miscellaneous Equipment                      Other Assets such as Prepaid Expenses, Investment</p> <p><b><u>Employees</u></b>                      OESC - 47 employees                      OTIE – 211 employees                      MS2 - 25 employees                      SRS - 37 employees                      OES – 24 employees</p> <p><b><u>Customers</u></b>                      95% of Revenue from Federal clients.</p>

**k. Summary and status of any pending legal action to which the Corporation is a party and any relevant government regulation to which the Corporation may be subject.**

None