

CHANGE REQUEST COVER SHEET

Change Request Number: 09-14

Date Received: 11/13/2008

Title: Addition of Joint Venture Standards to AMS and Clarification of other Small Business Language

Name: Jeffrey Baker

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Policy OR Guidance: Guidance

Section/Text Location Affected: AMS Procurement Guidance T3.6.1 and T3.2.2.7

Summary of Change: Addition of Joint Venture Standards to AMS and Clarification of other Small Business Language

Reason for Change: To ensure FAA has published AMS standards and procedures to address offerors or contractors that have formed joint ventures.

Development, Review, and/or Concurrence: AJA-8, AGC-500, AJA-43, AJA-431, AJA-45, ACT, ARC

Target Audience: FAA Contracting Workforce

Potential Links within FAST for the Change: None

Briefing Planned: No

ASAG Responsibilities: None

Potential Links within FAST for the Change: None

Links for New/Modified Forms (or) Documents (LINK 1)

Links for New/Modified Forms (or) Documents (LINK 2)

Links for New/Modified Forms (or) Documents (LINK 3)

SECTIONS ADDED:

Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 9 : Joint Ventures [\[New Content\]](#)

SECTIONS EDITED:

Procurement Guidance:

T3.2.2.7 - Contractor Qualifications [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.2.2.7 - Contractor Qualifications

Contractor Qualifications

Section 2 : Team Arrangements [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

[\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 1 : Procurement Team Responsibilities in Support of the Small Business Development Program [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 2 : The FAA Small Business Development Program Office (SBDO) and Liaison Representative Involvement [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 3 : Prime Contracting with Small Business [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 4 : Subcontracting with Small Business [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 5 : DOT Lending Program [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 6 : Business Declaration [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 7 : Contract Bundling [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 8 : Mentor-Protégé [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

SECTIONS ADDED:

Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 9 : Joint Ventures

a. *Small Business Exception to Affiliation.* A joint venture of two or more business concerns may submit an offer as a small business without regard to affiliation provided that each concern is small under the size standard corresponding to the NAICS code assigned to the contract, provided:

- (1) The procurement qualifies as a “bundled” requirement; or
- (2) The procurement does not qualify as a “bundled” requirement, and:
 - (a) For a procurement having a receipts based size standard, the dollar value of the procurement, including options, exceeds half the size standard corresponding to the NAICS code assigned to the contract; or
 - (b) For a procurement having an employee-based size standard, the dollar value of the procurement, including options, exceeds \$10 million.

b. *Mentor-Protégé Exception to Affiliation.* A joint venture between a protégé firm and its approved mentor will be deemed small provided the protégé qualifies as small for the size standard corresponding to the NAIC code assigned to the procurement. SBA approved Mentor-Protégé joint ventures are not acceptable. However, FAA approved Mentor-Protégé Program joint ventures are acceptable.

c. *Subcontracting Limitations.* The subcontracting limitations specified in AMS Clause 3.6.1-7, Limitations on Subcontracting, are applicable to Small Business Joint Ventures. A joint venture awarded a contract as a prime contractor must perform work according to the conditions and percentages detailed in AMS Clause 3.6.1-7.

d. *Socially and Economically Disadvantaged Businesses (SEDB(8(a)) Exception to Affiliation.*

- (1) If approved by the Small Business Administration (SBA), 8(a) participants may enter into joint venture agreement with one or more small business concerns, whether they be 8(a) participants or not, for the purpose of performing a specific 8(a) contract.
- (2) A joint venture of at least one 8(a) concerns and one or more other business concerns may submit an offer as a small business for a competitive 8(a)

procurement as long as each are considered small under the size standard corresponding to the NAIC code assigned to the SIR, provided:

(a) The size of at least one 8(a) Participant to the joint venture is less than one half the size standard corresponding to the NAIC code assigned to the contract; and

(b) For a procurement:

(i) Having a revenue-based size standard, the procurement exceeds half the size standard corresponding to the NAIC code assigned to the contract; or

(ii) Having an employee-based size standard, the procurement exceeds \$10 million.

(3) For single source and competitive 8(a) procurements that do not exceed the dollar levels identified above, an 8(a) Participant entering into a joint venture agreement with another concern is considered to be affiliated for size purposes with the other concern with respect to performance of the 8(a) contract. The combined annual receipts or employees of the concerns entering into the joint venture must meet the size standard for the NAIC code assigned to the 8(a) SIR or contract.

(e) *Service-Disabled Veteran Owned Small Businesses (SDVOSB) Exception to Affiliation.*

(1) An SDVOSB may enter into a joint venture agreement with one or more other small business concerns for the purpose of performing an SDVOSB contract.

(2) A joint venture of at least one SDVOSB and one or more other business concerns may enter submit an offer as a small business for a competitive SDVOSB procurement, so long as each concern is small under the size standard corresponding to the NAICS code assigned to the SIR, provided:

(a) For a procurement having a revenue-based size standard, the procurement exceeds half the size standard corresponding to the NAICS code assigned to the contract; or

(b) For a procurement having an employee-based size standard, the procurement exceeds \$10 million.

(3) For noncompetitive and competitive SDVOSB procurement that does not exceed the dollar level identified above, an SDVOSB entering into a joint venture agreement with another concern is considered to be affiliated for size purposes with the other concern with respect to performance of the SDVOSB contract. The combined annual receipts or employees of the concerns entering into the joint venture must meet the size standard for the NAICS code assigned to the SDVOSB SIR or contract.

SECTIONS EDITED:

T3.2.2.7 - Contractor Qualifications (Revision 6, April 2008)

Old Content: Procurement Guidance:

T3.2.2.7 - Contractor Qualifications (Revision 6, April 2008) New Content: Procurement Guidance:

T3.2.2.7 - Contractor Qualifications Red Line Content: Procurement Guidance:

T3.2.2.7 - Contractor Qualifications ~~(Revision 6, April 2008)~~

Section 2 : Team Arrangements

Old Content: Procurement Guidance:

T3.2.2.7 - Contractor Qualifications

Contractor Qualifications

Section 2 : Team Arrangements

a. *General.*

(1) Team arrangements are cooperative arrangements where:

(a) Two or more companies form a partnership or joint venture to act as a potential prime contractor; or

(b) A potential prime contractor enters into an agreement with one or more other companies to have them act as subcontractors under a specific contract.

(2) Benefits of team arrangements to both FAA and an offeror or contractor include, but are not limited to:

(a) Increases competitive edge and presents a stronger position to FAA;

(b) Provides companies access to new markets and opportunities;

(c) Allows companies to collaborate and focus on their core capabilities;

(d) Brings differing skills and experience together into one solution for FAA;

(e) More opportunities for small and small disadvantaged businesses; and

(f) Decreased costs.

(3) Team arrangements may prove particularly appropriate for research and development (R&D) requirements; however they may be used in other types of acquisitions as well.

(4) FAA will not normally require the dissolution of team arrangements.

b. *Joint Venture.*

(1) A joint venture is a separate legal entity, such as a partnership or corporation, formed by two or more parties to conduct business.

(2) In a joint venture, each party contributes equity and shares:

(a) In any revenues;

(b) Expenses incurred; and

(c) In the management or control of the venture.

(3) Joint ventures may be a continuing business relationship or for just one or more projects.

c. *Disclosure of Team Arrangements.* In order for FAA to recognize the validity of a team arrangement, the arrangement and company relationships must be fully disclosed:

(1) In the offer; or

(2) Before the arrangement becomes effective when formed after the submission of an offer or contract award.

d. *Antitrust Law and FAA Rights.*

(1) All team arrangements must comply with all applicable antitrust statutes.

(2) Despite any team arrangement, FAA retains the right to:

(a) Require consent to subcontracts;

(b) Determine the responsibility of the prime contractor;

(c) Provide to the prime contractor data rights owned or controlled by the Government;

(d) Hold the prime contractor responsible for contract performance; and

(e) Apply other AMS requirements such as those for competition or subcontracting.

New Content: Procurement Guidance:

T3.2.2.7 - Contractor Qualifications

Contractor Qualifications

Section 2 : Team Arrangements

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(3) Team arrangements may prove particularly appropriate for research and development (R&D) requirements; however they may be used in other types of acquisitions as well.

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(5) Guidance on determining small business size standards for team arrangements can be found in AMS Procurement Guidance T3.6.1.

b. *Joint Venture.*

(1) A joint venture is a separate legal entity, such as a partnership or corporation, formed by two or more parties to conduct business.

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Red Line Content: Procurement Guidance:

T3.2.2.7 - Contractor Qualifications

Contractor Qualifications

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- (b) Expenses incurred; and
- (c) In the management or control of the venture.

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- (2) Before the arrangement becomes effective when formed after the submission of an offer or contract award.

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- (1) All team arrangements must comply with all applicable antitrust statutes.
 - (2) Despite any team arrangement, FAA retains the right to:
 - (a) Require consent to subcontracts;
 - (b) Determine the responsibility of the prime contractor;
 - (c) Provide to the prime contractor data rights owned or controlled by the Government;
 - (d) Hold the prime contractor responsible for contract performance; and
 - (e) Apply other AMS requirements such as those for competition or subcontracting.
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T3.6.1 - Small Business Development Program (Revision 21, October 2007)

Old Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 21, October 2007) New Content:
Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009) Red Line Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision ~~21~~22, ~~October~~January ~~2007~~2009)

Section 1 : Procurement Team Responsibilities in Support of the Small Business Development Program

Old Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 1 : Procurement Team Responsibilities in Support of the Small Business Development Program

- a. Effective implementation of the FAA's small business development programs in their contracting actions, including achieving program goals;
- b. Develop small businesses by taking all reasonable action to increase small business participation in the FAA's procurements (including subcontracts);
- c. Consider the feasibility of breaking out requirements to increase opportunities for small businesses to successfully compete for prime contracts;

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d. Consider the extent of small business participation in contract performance during procurement planning;

e. Obtain guidance from the Office of Small Business Development (OSBD)/liaison as it relates to small business development issues. In doing-so, the service teams must coordinate with representatives of the cognizant local FAA Small Business Development staff as soon as requirements estimated to exceed \$100,000 are defined to receive assistance in identifying opportunities for small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals. This requirement to coordinate does not apply to contract modifications. Use the Small Business Set-Aside Determination and Coordination Form (Template No. 85) to coordinate with the OSBD and attach the statement of work, single source rational basis documentation, market survey and market analysis to the form (if applicable). In addition, any requirements that had previously been procured through the Small Business/SEDB/8(a) Program, but not currently proposed for reprocurement through the Small Business/SEDB/8(a) program must be approved by the cognizant local FAA Small Business Development staff. If agreement cannot be reached, the FAA Acquisition Executive's approval is required prior to any public notice or solicitation of the requirement; and

f. Participate and assist in the development of small business conferences and outreach efforts sponsored by the OSBD.

New Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 1 : Procurement Team Responsibilities in Support of the Small Business Development Program

a. Effective implementation of the FAA's small business development programs in their contracting actions, including achieving program goals;

b. Develop small businesses by taking all reasonable action to increase small business participation in the FAA's procurements (including subcontracts);

c. Consider the feasibility of breaking out requirements to increase opportunities for small businesses to successfully compete for prime contracts;

d. Consider the extent of small business participation in contract performance during procurement planning;

e. Obtain guidance from the FAA Small Business Development Program Office (SBDPO)/liaison as it relates to small business development issues. In doing-so, the service teams must coordinate with representatives of the cognizant local SBDPO staff as soon as requirements estimated to exceed \$100,000 are defined to receive assistance in identifying opportunities for small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals. This requirement to coordinate does not apply to contract modifications. Use the Small Business Set-Aside Determination and Coordination Form

(Template No. 85) to coordinate with the SBDPO and attach the statement of work, single source rational basis documentation, market survey and market analysis to the form (if applicable). In addition, any requirements that had previously been procured through the Small Business/SEDB/8(a) Program, but not currently proposed for reprocurement through the Small Business/SEDB/8(a) program must be approved by the cognizant local SBDPO staff. If agreement cannot be reached, the FAA Acquisition Executive's approval is required prior to any public notice or solicitation of the requirement; and

f. Participate and assist in the development of small business conferences and outreach efforts sponsored by the SBDPO.

Red Line Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 1 : Procurement Team Responsibilities in Support of the Small Business Development Program

a. Effective implementation of the FAA's small business development programs in their contracting actions, including achieving program goals;

b. Develop small businesses by taking all reasonable action to increase small business participation in the FAA's procurements (including subcontracts);

c. Consider the feasibility of breaking out requirements to increase opportunities for small businesses to successfully compete for prime contracts;

d. Consider the extent of small business participation in contract performance during procurement planning;

e. Obtain guidance from the ~~Office of~~ **FAA Small Business Development Program Office** (~~OSBD~~**SBDPO**)/liaison as it relates to small business development issues. In doing-so, the service teams must coordinate with representatives of the cognizant local ~~FAA Small Business Development~~**SBDPO** staff as soon as requirements estimated to exceed \$100,000 are defined to receive assistance in identifying opportunities for small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals. This requirement to coordinate does not apply to contract modifications. Use the Small Business Set-Aside Determination and Coordination Form (Template No. 85) to coordinate with the ~~OSBD~~**SBDPO** and attach the statement of work, single source rational basis documentation, market survey and market analysis to the form (if applicable). In addition, any requirements that had previously been procured through the Small Business/SEDB/8(a) Program, but not currently proposed for reprocurement through the Small Business/SEDB/8(a) program must be approved by the cognizant local ~~FAA Small Business Development~~**SBDPO** staff. If agreement cannot be reached, the FAA Acquisition Executive's approval is required prior to any public notice or solicitation of the requirement; and

f. Participate and assist in the development of small business conferences and outreach efforts sponsored by the ~~OSBD~~SBDDPO.

Section 2 : The FAAs Office of Small Business Development (OSBD) and Liaison Representative Involvement

Old Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 2 : The FAAs Office of Small Business Development (OSBD) and Liaison Representative Involvement

The OSBD maintains a direct working relationship with the procurement teams. When appropriate, the OSBD interacts with all procurement teams in the following areas to provide support and ensure effective and consistent program implementation:

- a. Participates in procurement workshops to increase access to and award of FAA contracts by small businesses;
- b. Participates in acquisition and procurement planning meetings and other scheduled meetings with the procurement team as advisors;
- c. Identifies potential small businesses that qualify for a particular procurement;
- d. Provides the procurement team with source lists of small businesses;
- e. Ensures that the source selection criteria used to select firms for award is fair, consistent and does not limit opportunities for small businesses;
- f. Provides advertising recommendations to the integrated products teams to ensure all requirements are being advertised in media accessible to small businesses;
- g. Responds to written and telephone inquiries from small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals regarding procurement opportunities with FAA;
- h. Reviews final source lists to ensure an adequate representation of small businesses;
- i. Reviews questions presented at conferences, preparing answers to questions submitted by small businesses, interacting with the integrated product teams for distribution of responses to all potential contractors;
- j. Reviews business declarations and accompanying documentation;
- k. Reviews subcontracting plans;

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- l. Ensures that small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals are entered into the OSBD database;
- m. Assists in the proposal evaluation process as a non-voting member of the evaluation team;
- n. Conducts on-site pre-award verifications to verify that a sufficient percentage of the ownership, as well as the business control and management of the firm is vested in a disadvantaged group member(s) or woman (woman) and verify compliance with small business program requirements;
- o. Participates in debriefings of unsuccessful small businesses to ensure fair and equitable treatment to all firms;
- p. Participates in postaward meetings with successful offerors to ensure a clear understanding of small business program guidelines and engagement of small businesses as subcontractors; and
- q. Conducts on-site compliance reviews of contractors with subcontracting plans to ensure compliance with program requirements.

New Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 2 : The FAA Small Business Development Program Office (SBDO) and Liaison Representative Involvement

The Small Business Development Program Office (SBDPO) maintains a direct working relationship with the procurement teams. When appropriate, the SBDPO interacts with all procurement teams in the following areas to provide support and ensure effective and consistent program implementation:

- a. Participates in procurement workshops to increase access to and award of FAA contracts by small businesses;
- b. Participates in acquisition and procurement planning meetings and other scheduled meetings with the procurement team as advisors;
- c. Identifies potential small businesses that qualify for a particular procurement;
- d. Provides the procurement team with source lists of small businesses;
- e. Ensures that the source selection criteria used to select firms for award is fair, consistent and does not limit opportunities for small businesses;
- f. Provides advertising recommendations to the integrated products teams to ensure all requirements are being advertised in media accessible to small businesses;

- g. Responds to written and telephone inquiries from small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals regarding procurement opportunities with FAA;
- h. Reviews final source lists to ensure an adequate representation of small businesses;
- i. Reviews questions presented at conferences, preparing answers to questions submitted by small businesses, interacting with the integrated product teams for distribution of responses to all potential contractors;
- j. Reviews business declarations and accompanying documentation;
- k. Reviews subcontracting plans;
- l. Ensures that small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals are entered into the OSBD database;
- m. Assists in the proposal evaluation process as a non-voting member of the evaluation team;
- n. Conducts on-site pre-award verifications to verify that a sufficient percentage of the ownership, as well as the business control and management of the firm is vested in a disadvantaged group member(s), service-disabled veteran(s) or woman (women) and verify compliance with small business program requirements;
- o. Participates in debriefings of unsuccessful small businesses to ensure fair and equitable treatment to all firms;
- p. Participates in postaward meetings with successful offerors to ensure a clear understanding of small business program guidelines and engagement of small businesses as subcontractors; and
- q. Conducts on-site compliance reviews of contractors with subcontracting plans to ensure compliance with program requirements.

Red Line Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 2 : The ~~FAAs~~ FAA ~~Office of~~ Small Business Development Program Office (~~OSBD~~SBDQ) and Liaison Representative Involvement

The ~~OSBD~~Small Business Development Program Office (SBDPO) maintains a direct working relationship with the procurement teams. When appropriate, the ~~OSBD~~SBDPO interacts with all procurement teams in the following areas to provide support and ensure effective and consistent program implementation:

- a. Participates in procurement workshops to increase access to and award of FAA contracts by small businesses;

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- b. Participates in acquisition and procurement planning meetings and other scheduled meetings with the procurement team as advisors;
- c. Identifies potential small businesses that qualify for a particular procurement;
- d. Provides the procurement team with source lists of small businesses;
- e. Ensures that the source selection criteria used to select firms for award is fair, consistent and does not limit opportunities for small businesses;
- f. Provides advertising recommendations to the integrated products teams to ensure all requirements are being advertised in media accessible to small businesses;
- g. Responds to written and telephone inquiries from small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals regarding procurement opportunities with FAA;
- h. Reviews final source lists to ensure an adequate representation of small businesses;
- i. Reviews questions presented at conferences, preparing answers to questions submitted by small businesses, interacting with the integrated product teams for distribution of responses to all potential contractors;
- j. Reviews business declarations and accompanying documentation;
- k. Reviews subcontracting plans;
- l. Ensures that small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals are entered into the OSBD database;
- m. Assists in the proposal evaluation process as a non-voting member of the evaluation team;
- n. Conducts on-site pre-award verifications to verify that a sufficient percentage of the ownership, as well as the business control and management of the firm is vested in a disadvantaged group member(s), service-disabled veteran(s) or woman (~~woman~~women) and verify compliance with small business program requirements;
- o. Participates in debriefings of unsuccessful small businesses to ensure fair and equitable treatment to all firms;
- p. Participates in postaward meetings with successful offerors to ensure a clear understanding of small business program guidelines and engagement of small businesses as subcontractors; and
- q. Conducts on-site compliance reviews of contractors with subcontracting plans to ensure compliance with program requirements.

Section 3 : Prime Contracting with Small Business

Old Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 3 : Prime Contracting with Small Business

a. While the use of small business set-asides as a method of procurement is not mandatory, small businesses must be afforded reasonable opportunities to compete for all procurements. All procurements must first be considered for set-aside before procuring the product or service on an unrestricted basis. Thus, procurement teams should take the following actions when appropriate:

- (1) Set-aside procurements competitively in accordance with the policies and guidance contained in Acquisition Management System (AMS) Section 3.2.2 Source Selection;
- (2) Consider the capabilities of small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals during the screening phase of each procurement;
- (3) Breakout large requirements (if severable) into smaller sized requirements to provide for greater small business participation;
- (4) Plan procurements of supplies and services so that more than one small business firm may perform the work (if the work exceeds the amount that a single small business can handle);
- (5) Ensure that delivery schedules are established on a realistic basis to encourage small business participation to the extent consistent with actual requirements of FAA;
- (6) Encourage teaming relationships among small and large businesses to enhance competition; and
- (7) Utilize small businesses on qualified vendor lists on a rotational basis to increase opportunities to the greatest number of small businesses.

b. Conducting set-asides with small businesses, very small businesses, and small businesses owned and controlled by socially and economically disadvantaged individuals:

- (1) All set-asides are to be conducted directly with small businesses independent of the Small Business Administration (SBA);
- (2) Procurements may be set-aside exclusively for small businesses and very small businesses;

(3) Procurements may also be set-aside exclusively for competitive award among socially and economically disadvantaged businesses (SEDBs) that are expressly certified by the Small Business Administration (SBA) for participation in the SBA's 8(a) program. Each firm claiming 8(a) status is required to provide a copy of its SBA 8(a) certification letter to the Contracting Officer (CO) as evidence of eligibility. There is no requirement to obtain the SBA's approval to make award to the selected socially and economically disadvantaged business (SEDB).

(4) Procurements may not be exclusively set-aside for women-owned businesses

(5) Industry should be notified of the applicable North American Industry Classification (NAIC) System code representing the predominant portion of the overall requirement in the public announcement to ensure small business size eligibility requirements are timely known; and

(6) The service team will state the date when the firm must be 8(a) certified.

(7) Procurements may be set-aside exclusively for competitive award among service-disabled veteran owned small businesses (SDVOSB) as defined by 38 U.S.C. 101. Each firm claiming SDVOSB status is required to provide a completed Business Declaration Form to self-certify its eligibility. There is no requirement to obtain the SBA's or Veteran Administration's approval to make award to the selected SDVOSB.

(8) A procurement may not be set-aside if:

(a) there is no reasonable expectation of obtaining offers from two or more responsible SEDB(8(a)) concerns, small business concerns, very small business concerns or service-disabled veteran owned small business concerns that are competitive in terms of market prices, quality and delivery; or

(b) it is in the best interest of the FAA to contract with a single source and the rational basis is documented; or

(c) extension of the current services.

c. Noncompetitive Awards to SEDB (8(a)) and SDVOSB Firms. A rational basis for the decision to award a noncompetitive SEDB (8(a)) or SDVOSB procurement should be documented. Procurement decision makers should consider potential SEDB (8(a)) or SDVOSB sources of supply contained in "Source-Net" located at <http://www.sbo.faa.gov/sbo> and/or "CCR Web" site located at <http://www.ccr.gov> and click on "Dynamic Small Business Search." The public announcement requirements of the AMS Section 3.2.1.3.12 are not applicable to noncompetitive awards to SEDB (8(a)) or SDVOSB firms if the product being procured is not available from Federal Prison Industries.

New Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 3 : Prime Contracting with Small Business

a. While the use of small business set-asides as a method of procurement is not mandatory, small businesses must be afforded reasonable opportunities to compete for all procurements. All procurements must first be considered for set-aside before procuring the product or service on an unrestricted basis. Thus, procurement teams should take the following actions when appropriate:

- (1) Set-aside procurements competitively in accordance with the policies and guidance contained in Acquisition Management System (AMS) Section 3.2.2 Source Selection;
- (2) Consider the capabilities of small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals during the screening phase of each procurement;
- (3) Breakout large requirements (if severable) into smaller sized requirements to provide for greater small business participation;
- (4) Plan procurements of supplies and services so that more than one small business firm may perform the work (if the work exceeds the amount that a single small business can handle);
- (5) Ensure that delivery schedules are established on a realistic basis to encourage small business participation to the extent consistent with actual requirements of FAA;
- (6) Encourage teaming relationships among small and large businesses to enhance competition; and
- (7) Utilize small businesses on qualified vendor lists on a rotational basis to increase opportunities to the greatest number of small businesses.

b. Conducting set-asides with small businesses, very small businesses, and small businesses owned and controlled by socially and economically disadvantaged individuals:

- (1) All set-asides are to be conducted directly with small businesses independent of the Small Business Administration (SBA);
- (2) Procurements may be set-aside exclusively for small businesses and very small businesses;
- (3) Procurements may also be set-aside exclusively for competitive award among socially and economically disadvantaged businesses (SEDBs) that are expressly

certified by the Small Business Administration (SBA) for participation in the SBA's 8(a) program. Each firm claiming 8(a) status is required to provide a copy of its SBA 8(a) certification letter to the Contracting Officer (CO) as evidence of eligibility. There is no requirement to obtain the SBA's approval to make award to the selected socially and economically disadvantaged business (SEDB).

(4) Procurements may not be exclusively set-aside for women-owned businesses

(5) Industry should be notified of the applicable North American Industry Classification (NAIC) System code representing the predominant portion of the overall requirement in the public announcement to ensure small business size eligibility requirements are timely known; and

(6) The service team will state the date when the firm must be 8(a) certified.

(7) Procurements may be set-aside exclusively for competitive award among service-disabled veteran owned small businesses (SDVOSB) as defined by 38 U.S.C. 101. Each firm claiming SDVOSB status is required to provide a completed Business Declaration Form to self-certify its eligibility. There is no requirement to obtain the SBA's or Veteran Administration's approval to make award to the selected SDVOSB.

(8) A procurement may not be set-aside if:

(a) there is no reasonable expectation of obtaining offers from two or more responsible SEDB(8(a)) concerns, small business concerns, very small business concerns or service-disabled veteran owned small business concerns that are competitive in terms of market prices, quality and delivery; or

(b) it is in the best interest of the FAA to contract with a single source and the rational basis is documented; or

(c) extension of the current services.

c. Noncompetitive Awards to SEDB (8(a)) and SDVOSB Firms. A rational basis for the decision to award a noncompetitive SEDB (8(a)) or SDVOSB procurement should be documented. Procurement decision makers should consider potential SEDB (8(a)) or SDVOSB sources of supply contained in "Source-Net" located at <http://www.sbo.faa.gov/sbo> and/or "CCR Web" site located at <http://www.ccr.gov> and click on "Dynamic Small Business Search." The Center for Veterans Enterprise website (<http://www.vetbiz.gov/>) may also be reviewed for potential SDVOSB sources. The ownership and control of the sources on this website have been verified by Veterans Affairs (VA). The public announcement requirements of the AMS Section 3.2.1.3.12 are not applicable to noncompetitive awards to SEDB (8(a)) or SDVOSB firms if the product being procured is not available from Federal Prison Industries.

Red Line Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 3 : Prime Contracting with Small Business

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- (3) Breakout large requirements (if severable) into smaller sized requirements to provide for greater small business participation;
- (4) Plan procurements of supplies and services so that more than one small business firm may perform the work (if the work exceeds the amount that a single small business can handle);
- (5) Ensure that delivery schedules are established on a realistic basis to encourage small business participation to the extent consistent with actual requirements of FAA;
- (6) Encourage teaming relationships among small and large businesses to enhance competition; and
- (7) Utilize small businesses on qualified vendor lists on a rotational basis to increase opportunities to the greatest number of small businesses.

b. Conducting set-asides with small businesses, very small businesses, and small businesses owned and controlled by socially and economically disadvantaged individuals:

- (1) All set-asides are to be conducted directly with small businesses independent of the Small Business Administration (SBA);
- (2) Procurements may be set-aside exclusively for small businesses and very small businesses;
- (3) Procurements may also be set-aside exclusively for competitive award among socially and economically disadvantaged businesses (SEDBs) that are expressly

certified by the Small Business Administration (SBA) for participation in the SBA's 8(a) program. Each firm claiming 8(a) status is required to provide a copy of its SBA 8(a) certification letter to the Contracting Officer (CO) as evidence of eligibility. There is no requirement to obtain the SBA's approval to make award to the selected socially and economically disadvantaged business (SEDB).

(4) Procurements may not be exclusively set-aside for women-owned businesses

(5) Industry should be notified of the applicable North American Industry Classification (NAIC) System code representing the predominant portion of the overall requirement in the public announcement to ensure small business size eligibility requirements are timely known; and

(6) The service team will state the date when the firm must be 8(a) certified.

(7) Procurements may be set-aside exclusively for competitive award among service-disabled veteran owned small businesses (SDVOSB) as defined by 38 U.S.C. 101. Each firm claiming SDVOSB status is required to provide a completed Business Declaration Form to self-certify its eligibility. There is no requirement to obtain the SBA's or Veteran Administration's approval to make award to the selected SDVOSB.

(8) A procurement may not be set-aside if:

(a) there is no reasonable expectation of obtaining offers from two or more responsible SEDB(8(a)) concerns, small business concerns, very small business concerns or service-disabled veteran owned small business concerns that are competitive in terms of market prices, quality and delivery; or

(b) it is in the best interest of the FAA to contract with a single source and the rational basis is documented; or

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Section 4 : Subcontracting with Small Business

Old Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 4 : Subcontracting with Small Business

In procurements estimated to exceed \$550,000 (\$1,000,000 for construction), the CO must incorporate subcontracting provisions (including attainable and reasonable subcontracting goals for the participation of small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals, women-owned small businesses and service disabled veteran owned small businesses). Subcontracting provisions are not required for commercial items or when there are no subcontracting possibilities or when the prime contractor is a small business or a small business owned and controlled by a socially and economically disadvantaged individual. The contract should include requirements for contractors to periodically report data on subcontracting accomplishments in sufficient detail to determine the extent of the contractor's attainment of subcontracting goals.

The following is a listing of the subcontracting considerations as a guide that should be used in procurements that have subcontracting provisions as appropriate: [\(Revised 10/2002\)](#)

- a. Establishment of goals requires much care to ensure that they are realistic and motivate the contractor. Percentage goals that are unrealistically low will only create a false sense of success and should be avoided. Likewise, goals that are too high can be counterproductive.
- b. Subcontracting requirements should be a subject for review and discussion at postaward conferences. It is important to monitor contractor performance in meeting goals. This is particularly important early in the life of the contract when the majority of subcontracts will be awarded. Prompt corrective action should be taken if it appears that a contractor will not meet its goal. The CO is responsible for ensuring that the contractor attains all subcontracting goals. Subcontracting data (accomplishments) must be timely forwarded to the individual responsible for the preparation of the Major Procurement Program Goal Report.
- c. The procurement team should notify the OSBD/liaison of the opportunity to review the subcontracting proposal in sufficient time to provide the representative a reasonable time to review the material and submit advisory recommendations prior to award.
- d. The CO should provide a listing of potential small business subcontractors for information purposes. The FAA should not make any warranty as to their capabilities or abilities to perform any portion of the contract. The listing may be obtained from the OSBD.
- e. Evaluate the percentage and dollar volume of planned subcontracting, total dollar volume of expected awards to small business subcontractors (including small businesses owned and controlled by a socially and economically disadvantaged individuals, women-owned and service-disabled veteran owned concerns). [\(Revised 07/2004\)](#)

f. There should be separate subcontracting goals for small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals, women-owned and service-disabled veteran owned concerns expressed as a percentage of total planned subcontracting dollars. (Revised 07/2004)

g. Principal product and service areas to be subcontracted and an identification of those areas where it is planned to use small business, small businesses owned and controlled by a socially and economically disadvantaged individual, women-owned and service-disabled veteran owned subcontractors. (Revised 07/2004)

h. Review business declarations of principal proposed small business and small disadvantaged business subcontractors, including the type of product or service and the dollar value thereof to be awarded to each principal subcontractor. This information is to be used to assist the CO in making a determination as to the acceptability of the proposed subcontracting goals. The contractor is not contractually bound to make awards to the designated subcontractors nor is the Government approving the subcontracts.

i. Evaluate extent of complexity and variety of work to be performed by small businesses with greater weight on performance of substantive or high technology components or services. In this way, the FAA can ensure that small businesses will receive technologically challenging or a meaningful portion of the overall contract;

j. Include subcontracting monetary incentives such as including an award fee provision to provide incentives for providing meaningful, technically substantive subcontracting work to small businesses. Under this approach subcontracting proposals that provide appropriate percentage commitments would be accepted, but an award fee contract line item would be incorporated as part of the contract. Receipt of the award fee would be after either preliminary design review, critical design review, or other appropriate milestones. The percentage amount of the award fee pool would be based on the extent the contractor has provided meaningful, technically substantive work to eligible small businesses within the previously accepted percentage goals;

k. Evaluate past performance related to the offeror's compliance with prior subcontracting proposals and subcontracting plans with greater weight on subcontracting proposals received from concerns that have successfully attained, or exceeded subcontracting goals in the past.

l. Evaluate level of participation of small businesses evaluated based on the percentage of the total contract value (if appropriate). This is particularly recommended for requirements traditionally performed by small businesses that perhaps will be displaced due to the bundling of smaller set-aside requirements into one larger contract.

m. Contractors should be required to flow down similar subcontracting requirements under the prime contract to all subcontractors (except small businesses).

n. If an offeror submits an offer that does not address each of the subcontracting provisions, the CO should advise the offeror of the deficiency and request submission of a revised offer by a specific date; and

o. If the offeror does not submit an offer which incorporates the subcontracting requirements within the time allotted, the offeror should be ineligible for award.

New Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 4 : Subcontracting with Small Business

In procurements estimated to exceed \$550,000 (\$1,000,000 for construction), the CO must incorporate subcontracting provisions (including attainable and reasonable subcontracting goals for the participation of small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals, women-owned small businesses and service disabled veteran owned small businesses). Subcontracting provisions are not required for commercial items or when there are no subcontracting possibilities or when the prime contractor is a small business or a small business owned and controlled by a socially and economically disadvantaged individual. The contract should include requirements for contractors to periodically report data on subcontracting accomplishments in sufficient detail to determine the extent of the contractor's attainment of subcontracting goals.

The following is a listing of the subcontracting considerations as a guide that should be used in procurements that have subcontracting provisions as appropriate:

a. Establishment of goals requires much care to ensure that they are realistic and motivate the contractor. Percentage goals that are unrealistically low will only create a false sense of success and should be avoided. Likewise, goals that are too high can be counterproductive.

b. Subcontracting requirements should be a subject for review and discussion at postaward conferences. It is important to monitor contractor performance in meeting goals. This is particularly important early in the life of the contract when the majority of subcontracts will be awarded. Prompt corrective action should be taken if it appears that a contractor will not meet its goal. The CO is responsible for ensuring that the contractor attains all subcontracting goals. Subcontracting data (accomplishments) must be timely forwarded to the individual responsible for the preparation of the Major Procurement Program Goal Report.

c. The procurement team should notify the Small Business Development Program Office (SBDPO)/liaison of the opportunity to review the subcontracting proposal in sufficient time to provide the representative a reasonable time to review the material and submit advisory recommendations prior to award.

d. The CO should provide a listing of potential small business subcontractors for information purposes. The FAA should not make any warranty as to their capabilities or abilities to perform any portion of the contract. The listing may be obtained from the SBDPO.

- e. Evaluate the percentage and dollar volume of planned subcontracting, total dollar volume of expected awards to small business subcontractors (including small businesses owned and controlled by a socially and economically disadvantaged individuals, women-owned and service-disabled veteran owned concerns).
- f. There should be separate subcontracting goals for small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals, women-owned and service-disabled veteran owned concerns expressed as a percentage of total planned subcontracting dollars.
- g. Principal product and service areas to be subcontracted and an identification of those areas where it is planned to use small business, small businesses owned and controlled by a socially and economically disadvantaged individual, women-owned and service-disabled veteran owned subcontractors.
- h. Review business declarations of principal proposed small business and small disadvantaged business subcontractors, including the type of product or service and the dollar value thereof to be awarded to each principal subcontractor. This information is to be used to assist the CO in making a determination as to the acceptability of the proposed subcontracting goals. The contractor is not contractually bound to make awards to the designated subcontractors nor is the Government approving the subcontracts.
- i. Evaluate extent of complexity and variety of work to be performed by small businesses with greater weight on performance of substantive or high technology components or services. In this way, the FAA can ensure that small businesses will receive technologically challenging or a meaningful portion of the overall contract;
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- k. Evaluate past performance related to the offeror's compliance with prior subcontracting proposals and subcontracting plans with greater weight on subcontracting proposals received from concerns that have successfully attained, or exceeded subcontracting goals in the past.
- l. Evaluate level of participation of small businesses evaluated based on the percentage of the total contract value (if appropriate). This is particularly recommended for requirements traditionally performed by small businesses that perhaps will be displaced due to the bundling of smaller set-aside requirements into one larger contract.

m. Contractors should be required to flow down similar subcontracting requirements under the prime contract to all subcontractors (except small businesses).

n. If an offeror submits an offer that does not address each of the subcontracting provisions, the CO should advise the offeror of the deficiency and request submission of a revised offer by a specific date; and

o. If the offeror does not submit an offer which incorporates the subcontracting requirements within the time allotted, the offeror should be ineligible for award.

Red Line Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 4 : Subcontracting with Small Business

In procurements estimated to exceed \$550,000 (\$1,000,000 for construction), the CO must incorporate subcontracting provisions (including attainable and reasonable subcontracting goals for the participation of small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals, women-owned small businesses and service disabled veteran owned small businesses). Subcontracting provisions are not required for commercial items or when there are no subcontracting possibilities or when the prime contractor is a small business or a small business owned and controlled by a socially and economically disadvantaged individual. The contract should include requirements for contractors to periodically report data on subcontracting accomplishments in sufficient detail to determine the extent of the contractor's attainment of subcontracting goals.

The following is a listing of the subcontracting considerations as a guide that should be used in procurements that have subcontracting provisions as appropriate: ~~(Revised 10/2002)~~

a. Establishment of goals requires much care to ensure that they are realistic and motivate the contractor. Percentage goals that are unrealistically low will only create a false sense of success and should be avoided. Likewise, goals that are too high can be counterproductive.

b. Subcontracting requirements should be a subject for review and discussion at postaward conferences. It is important to monitor contractor performance in meeting goals. This is particularly important early in the life of the contract when the majority of subcontracts will be awarded. Prompt corrective action should be taken if it appears that a contractor will not meet its goal. The CO is responsible for ensuring that the contractor attains all subcontracting goals. Subcontracting data (accomplishments) must be timely forwarded to the individual responsible for the preparation of the Major Procurement Program Goal Report.

c. The procurement team should notify the ~~OSBD~~ [Small Business Development Program Office \(SBDPO\)](#)/liaison of the opportunity to review the subcontracting proposal in sufficient time to provide the representative a reasonable time to review the material and submit advisory recommendations prior to award.

d. The CO should provide a listing of potential small business subcontractors for information purposes. The FAA should not make any warranty as to their capabilities or abilities to perform any portion of the contract. The listing may be obtained from the ~~OSBD~~SBDPO.

e. Evaluate the percentage and dollar volume of planned subcontracting, total dollar volume of expected awards to small business subcontractors (including small businesses owned and controlled by a socially and economically disadvantaged individuals, women-owned and service-disabled veteran owned concerns). ~~(Revised 07/2004)~~

f. There should be separate subcontracting goals for small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals, women-owned and service-disabled veteran owned concerns expressed as a percentage of total planned subcontracting dollars. ~~(Revised 07/2004)~~

g. Principal product and service areas to be subcontracted and an identification of those areas where it is planned to use small business, small businesses owned and controlled by a socially and economically disadvantaged individual, women-owned and service-disabled veteran owned subcontractors. ~~(Revised 07/2004)~~

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k. Evaluate past performance related to the offeror's compliance with prior subcontracting proposals and subcontracting plans with greater weight on subcontracting proposals received from concerns that have successfully attained, or exceeded subcontracting goals in the past.

l. Evaluate level of participation of small businesses evaluated based on the percentage of the total contract value (if appropriate). This is particularly recommended for requirements traditionally performed by small businesses that perhaps will be displaced due to the bundling of smaller set-aside requirements into one larger contract.

m. Contractors should be required to flow down similar subcontracting requirements under the prime contract to all subcontractors (except small businesses).

n. If an offeror submits an offer that does not address each of the subcontracting provisions, the CO should advise the offeror of the deficiency and request submission of a revised offer by a specific date; and

o. If the offeror does not submit an offer which incorporates the subcontracting requirements within the time allotted, the offeror should be ineligible for award.

Section 5 : DOT Lending Program

Old Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 5 : DOT Lending Program

a. To promote the financial assistance programs available from the OSDBU (S-40), procurement teams should add the following information in each public announcement of a procurement:

"This Notice is for informational purposes for Minority, Women-Owned and Disadvantaged Business Enterprises: The Department of Transportation (DOT), Office of Small and Disadvantaged Business Utilization, has a program to assist small businesses, small businesses owned and controlled by a socially and economically disadvantaged individuals, and women-owned concerns to acquire short-term working capital assistance for transportation-related contracts. Loans are available under the DOT Short Term Lending Program (STLP) at prime interest rates to provide accounts receivable financing. The maximum line of credit is \$750,000. For further information and applicable forms concerning the STLP, call the OSDBU at (800) 532-1169."

New Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 5 : DOT Lending Program

a. To promote the financial assistance programs available from the Office of Small and Disadvantaged Business Utilization (OSDBU, S-40), procurement teams should add the following information in each public announcement of a procurement:

"This Notice is for informational purposes for Minority, Women-Owned and Disadvantaged Business Enterprises: The Department of Transportation (DOT), Office of Small and Disadvantaged Business Utilization, has a program to assist small businesses, small businesses owned and controlled by a socially and economically disadvantaged individuals, and women-owned concerns to acquire short-term working capital assistance for transportation-related contracts. Loans are available under the DOT Short Term Lending Program (STLP) at prime interest rates to provide accounts receivable financing. The maximum line of credit is \$750,000. For further information and applicable forms concerning the STLP, call the OSDBU at (800) 532-1169."

Red Line Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 5 : DOT Lending Program

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Section 6 : Business Declaration

Old Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 6 : Business Declaration

To preserve the integrity and foster the objectives of the small business program, the FAA must satisfy itself that the ownership, control, and day-to-day management requirements of the program are fulfilled. Each business claiming eligibility as a small business or small business owned and controlled by a socially and economically disadvantaged individual must be required to provide evidence of eligibility prior to award. The FAA reserves the right to review and verify

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each firm's program eligibility. If the firm is not a small business as defined by the North American Industry Classification (NAIC) code size standards, it will not qualify as a small business. (Added 10/2002)

For set-asides restricted to small businesses, very small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals (8(a) certified) and/or service-disabled veteran owned small businesses, the Business Declaration Form shall be included in the SIR, and completed by each offeror. (Revised 07/2004)

For unrestricted procurements, the successful offeror shall complete and submit the Business Declaration Form to the contracting officer. (Added 10/2002)

When subcontracting goals are established for small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals, small businesses owned and controlled by women, and service-disabled veteran owned small businesses, the prime contractor shall obtain a completed Business Declaration Form for such small businesses counted toward the successful offeror's subcontracting goals.

a. A successful small business program rests with the FAA's ability to limit participation to bona fide small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals for they are the intended recipients of the agency's procurement dollars earmarked for small business set-asides.

b. To that end, the business declaration is:

(1) A tool used to ensure that the small business program benefits only those businesses that are bona fide small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals by establishing a basis for determining a firm's eligibility to participate in a small business set-aside; and

(2) A tool used internally by the OSBD/Liaison to accurately report awards made to small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals on the Major Procurement Program Goal (Accomplishments) Report.

c. In order for the owner of the firm to be found to have controlling interest in the company the following must exist:

(1) The eligible owner holds the position of chairperson of the board, president or Chief Executive Officer;

(2) The eligible owner has the right to vote his or her shares or other equity interest to elect the majority of voting members of the Board of Directors or other governing body;

(3) The eligible owner holds at least 51% unconditionally ownership and control of the operation;

(4) The eligible owner has direct full-time responsibility for the day-to-day management of the business, as evidenced by all of the following:

- (a) Directly related managerial or technical experience and competency;
- (b) Establishment of company policies;
- (c) Determination and selection of business opportunities;
- (d) Supervision and coordination of projects;
- (e) Control of major expenditures;
- (f) Hiring and dismissing key personnel;
- (g) Marketing and sales decisions; and
- (h) Signature on major business documents.

New Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 6 : Business Declaration

a. To preserve the integrity and foster the objectives of the small business program, the FAA must satisfy itself that the ownership, control, and day-to-day management requirements of the program are fulfilled. Each business claiming eligibility as a small business or small business owned and controlled by a socially and economically disadvantaged individual must be required to provide evidence of eligibility prior to award. The FAA reserves the right to review and verify each firm's program eligibility. If the firm is not a small business as defined by the North American Industry Classification (NAIC) code size standards, it will not qualify as a small business.

b. For set-asides restricted to small businesses, very small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals (8(a) certified) and/or service-disabled veteran owned small businesses, the Business Declaration Form shall be included in the SIR, and completed by each offeror.

c. For unrestricted procurements, the successful offeror shall complete and submit the Business Declaration Form to the contracting officer.

d. When subcontracting goals are established for small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals, small businesses owned and controlled by women, and service-disabled veteran owned small businesses, the prime contractor shall obtain a completed Business Declaration Form for such small businesses counted toward the successful offeror's subcontracting goals.

e. A successful small business program rests with the FAA's ability to limit participation to bona fide small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals for they are the intended recipients of the agency's procurement dollars earmarked for small business set-asides.

f. To that end, the business declaration is:

(1) A tool used to ensure that the small business program benefits only those businesses that are bona fide small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals by establishing a basis for determining a firm's eligibility to participate in a small business set-aside; and

(2) A tool used internally by the Small Business Development Program Office (SBDPO)/Liaison to accurately report awards made to small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals on the Major Procurement Program Goal (Accomplishments) Report.

g. In order for the owner of the firm to be found to have controlling interest in the company the following must exist:

(1) The eligible owner holds the position of chairperson of the board, president or Chief Executive Officer;

(2) The eligible owner has the right to vote his or her shares or other equity interest to elect the majority of voting members of the Board of Directors or other governing body;

(3) The eligible owner holds at least 51% unconditionally ownership and control of the operation;

(4) The eligible owner has direct full-time responsibility for the day-to-day management of the business, as evidenced by all of the following:

(a) Directly related managerial or technical experience and competency;

(b) Establishment of company policies;

(c) Determination and selection of business opportunities;

- (d) Supervision and coordination of projects;
- (e) Control of major expenditures;
- (f) Hiring and dismissing key personnel;
- (g) Marketing and sales decisions; and
- (h) Signature on major business documents.

Red Line Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 6 : Business Declaration

a. To preserve the integrity and foster the objectives of the small business program, the FAA must satisfy itself that the ownership, control, and day-to-day management requirements of the program are fulfilled. Each business claiming eligibility as a small business or small business owned and controlled by a socially and economically disadvantaged individual must be required to provide evidence of eligibility prior to award. The FAA reserves the right to review and verify each firm's program eligibility. If the firm is not a small business as defined by the North American Industry Classification (NAIC) code size standards, it will not qualify as a small business. ~~(Added 10/2002)~~

b. For set-asides restricted to small businesses, very small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals (8(a) certified) and/or service-disabled veteran owned small businesses, the Business Declaration Form shall be included in the SIR, and completed by each offeror. ~~(Revised 07/2004)~~

c. For unrestricted procurements, the successful offeror shall complete and submit the Business Declaration Form to the contracting officer. ~~(Added 10/2002)~~

d. When subcontracting goals are established for small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals, small businesses owned and controlled by women, and service-disabled veteran owned small businesses, the prime contractor shall obtain a completed Business Declaration Form for such small businesses counted toward the successful offeror's subcontracting goals.

ae. A successful small business program rests with the FAA's ability to limit participation to bona fide small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals for they are the intended recipients of the agency's procurement dollars earmarked for small business set-asides.

bf. To that end, the business declaration is:

(1) A tool used to ensure that the small business program benefits only those businesses that are bona fide small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals by establishing a basis for determining a firm's eligibility to participate in a small business set-aside; and

(2) A tool used internally by the [OSBD](#) *Small Business Development Program Office (SBDPO)*/Liaison to accurately report awards made to small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals on the Major Procurement Program Goal (Accomplishments) Report.

eg. In order for the owner of the firm to be found to have controlling interest in the company the following must exist:

(1) The eligible owner holds the position of chairperson of the board, president or Chief Executive Officer;

(2) The eligible owner has the right to vote his or her shares or other equity interest to elect the majority of voting members of the Board of Directors or other governing body;

(3) The eligible owner holds at least 51% unconditionally ownership and control of the operation;

(4) The eligible owner has direct full-time responsibility for the day-to-day management of the business, as evidenced by all of the following:

(a) Directly related managerial or technical experience and competency;

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Section 7 : Contract Bundling

Old Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 7 : Contract Bundling

a. Definitions:

1. A bundled contract is a contract that is entered into to meet requirements that are consolidated.

2. Bundling is consolidation of two or more requirements for supplies or services, previously provided or performed under separate smaller contracts, into a SIR for a single contract that renders a contract likely to be unsuitable for award to a small business concern (including socially and economically disadvantaged (8(a)), small disadvantaged, and women-owned businesses) due to:

(a) The diversity, size, or specialized nature of the elements of the performance specified;

(b) The aggregate dollar value of the anticipated award;

(c) The geographical dispersion of the contract performance sites; or

(d) Any combination of the factors described in paragraphs (2)(i), (ii), and (iii) of this definition.

3. Measurably Substantial Benefits are the dollar amount of benefits accruing from the bundling of requirements. These benefits can be in many forms to include cost savings, price reduction, quality efficiency, enhance performance, result in better terms and conditions, reduce acquisition cycle times and any other benefits

b. This section is not applicable to contracts whose total estimated bundled value (including all options) is less than \$10 Million.

c. Bundling of contractual requirements is discouraged unless it is necessary and justified. Bundling is necessary and justified if there are substantial benefits which are measurable and quantifiable. The service team shall document the measurably substantial benefits to the government . Benefits shall be equivalent to 10% if the total anticipated contract value is \$75 million or less; or 5% if the contract value exceeds \$75 million.

d. To ensure that prime contract opportunities are provided to small businesses, the following alternatives shall be considered prior to bundling:

- (1) Breaking up the procurement into smaller discrete procurements to render them suitable for small business set asides;
 - (a) Breaking out discrete components, where practicable, to be set aside for small business; or
 - (b) When issuing multiple awards against a single solicitation, reserving one or more awards for small businesses.

e. If a service team determines that contract bundling is to be used, the service team shall so inform the administrator and include written justification in the file (a part of the acquisition strategy plan, separate memo, etc.) outlining the need for bundling and documenting the impact on attaining the FAA socioeconomic goals. Additionally, if bundling would result in any adverse impact to achievement of the agency's socio-economic goals, the SIR for the bundled procurement must be approved by the FAA Acquisition Executive (FAE).

In addition, the service team shall notify the local FAA Office of Small Business Development prior to issuance of the SIR.

f. In a bundled procurement, the acquisition strategy should provide for maximum practicable participation by small business concerns. Some of the ways this can be accomplished include the following:

1. Authorizing two or more small businesses to form a contract team and for that team to be considered a small business for purposes of a bundled requirement provided that each small business partner to the teaming arrangement individually qualifies as a small business under the assigned NAIC codes for the requirement. (Revised 11/2000)
2. For SIRs that offer a significant opportunity for subcontracting, the CO should include proposed small business, small disadvantaged business and women-owned business subcontracting participation in the subcontracting plan as an evaluation factor.
3. Including small business, small disadvantaged business and women-owned subcontracting goals in SIRs and contracts based on contract dollars versus planned subcontracting dollars.
4. Consulting the local FAA Office of Small Business Development and Source Net

g. The requirements of this section do not apply to bundled contracts that are awarded in accordance with OMB Circular A-76 if a cost comparison has been performed under A-76 procedures.

h. The requirements of this section do not apply to contracts to be awarded and performed entirely outside of the United States.

New Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 7 : Contract Bundling

a. Definitions:

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(2) For SIRs that offer a significant opportunity for subcontracting, the CO should include proposed small business, small disadvantaged business and women-owned business subcontracting participation in the subcontracting plan as an evaluation factor.

(3) Including small business, small disadvantaged business and women-owned subcontracting goals in SIRs and contracts based on contract dollars versus planned subcontracting dollars.

(4) Consulting the local SBDPO and Source Net.

g. The requirements of this section do not apply to bundled contracts that are awarded in accordance with OMB Circular A-76 if a cost comparison has been performed under A-76 procedures.

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Red Line Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development
Section 7 : Contract Bundling

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g. The requirements of this section do not apply to bundled contracts that are awarded in accordance with OMB Circular A-76 if a cost comparison has been performed under A-76 procedures.

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Section 8 : Mentor-Protégé

Old Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 8 : Mentor-Protégé

a. Definitions:

(1) **SOCIALLY, AND ECONOMICALLY DISADVANTAGED BUSINESSES (SEDB)**, as used in the Mentor-Protégé Program, means small business concerns owned and controlled by socially and economically disadvantaged individuals as defined by the Acquisition Management System (AMS).

(2) **HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU)** means institutions determined by the U.S. Secretary of Education to meet the requirements of 34 CFR 608.2 and listed therein.

(3) **MINORITY EDUCATIONAL INSTITUTIONS (MI)** means institutions verified by the U.S. Secretary of Education to meet the criteria set forth in 34 CFR 637.4. MIs include Hispanic-serving institutions as defined by 20 USC 1059c(b)(1).

(4) **WOMEN-OWNED SMALL BUSINESSES (WO)**, as used in the Mentor-Protégé Program, means a small business where ownership and controlling interest (at least 51%) in the company is held by a woman.

(5) **SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS (SDVSB)** is a small business concern that is 51% owned and controlled by a service disabled veteran(s).

(6) **HIGH-TECH**: As used herein, means research and/or development efforts that are within or advances the state-of-the-art in technology discipline and are performed primarily by professional engineering, scientists, and highly skilled and trained technicians or specialists.

b. Purpose

(1) The FAA Mentor-Protégé Program is designed to motivate and encourage firms to assist Small Socially and Economically Disadvantaged Businesses (SEDB), Service-Disabled Veteran-Owned Small Business (SDVSB), Historically Black Colleges and Universities (HBCU), Minority Institutions (MI) and Women-Owned (WO) Small Businesses in enhancing their capabilities to perform FAA prime contracts and subcontracts, foster the establishment of long-term business relationships between these entities and Mentor Firms, and increase the overall number of these entities that receive FAA prime contract and subcontract awards. The "Mentor-Protégé Program Guide" may be obtained from the FAA Small Business Development staff.

c. Incentives for Mentor Participation

- (1) Mentors may receive additional evaluation points (for Mentor-Protégé Program participation) toward the award of contracts during the evaluation of competitive offers.
- (2) Mentors may receive credit toward attaining subcontracting goals contained in their FAA subcontracting plan(s) for Mentor-Protégé participation.
- (3) Costs incurred by a mentor to provide developmental assistance (i.e., technical or managerial) described in Section 1.12 are allowable as indirect costs (appropriate documentation shall be provided) unless the contract contains a line item specifically for the Mentor-Protégé Program. A ceiling on allowable developmental costs shall be established at time of contract award.
- (4) Procurements may be set-aside exclusively for competition among firms that are participants in the FAA Mentor-Protégé Program.

d. Review and Approval on Mentor - Protégé Application and Agreement

- (1) The Mentor-Protégé application and agreement is reviewed by Small Business Development Office (SBO). The review should be completed no later than 30 days after receipt by the FAA Team. SBO should provide a copy of the submitted information to the cognizant FAA service team for a parallel review and concurrence.
- (2) Upon agreement approval, the mentor may implement the developmental assistance program.
- (3) An approved agreement should be incorporated into the mentor or protégé firm's contract or memorandum of understanding with the FAA. It should be added to the subcontracting plan in contracts which contain such a plan.
- (4) If the application is disapproved the mentor may provide additional information for reconsideration. The review of any supplemental material should be completed within 30 days after receipt by the SBO. Upon finding deficiencies that the FAA considers correctable, the SBO should notify the mentor and request information to be provided within 30 days that may correct the deficiencies.

e. Mentor-Protégé Program Guidance Additional Mentor-Protégé Program guidance is located at web site <http://www.sbo.faa.gov>.

New Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 8 : Mentor-Protégé

FAST Version 01/2009

CR 09-14

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a. *Definitions.*

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(5) SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS (SDVSB) is a small business concern that is 51% owned and controlled by a service disabled veteran(s).

(6) HIGH-TECH: As used herein , means research and/or development efforts that are within or advances the state-of-the-art in technology discipline and are performed primarily by professional engineering, scientists, and highly skilled and trained technicians or specialists.

b. *Purpose.*

(1) The FAA Mentor-Protégé Program is designed to motivate and encourage firms to assist Small Socially and Economically Disadvantaged Businesses (SEDB), Service-Disabled Veteran-Owned Small Business (SDVSB), Historically Black Colleges and Universities (HBCU), Minority Institutions (MI) and Women-Owned (WO) Small Businesses in enhancing their capabilities to perform FAA prime contracts and subcontracts, foster the establishment of long-term business relationships between these entities and Mentor Firms, and increase the overall number of these entities that receive FAA prime contract and subcontract awards. The "Mentor-Protégé Program Guide" may be obtained from the Small Business Development Program Office (SBDPO) staff.

c. *Incentives for Mentor Participation.*

(1) Mentors may receive additional evaluation points (for Mentor-Protégé Program participation) toward the award of contracts during the evaluation of competitive offers.

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(3) Costs incurred by a mentor to provide developmental assistance (i.e., technical or managerial) described in Section 1.12 are allowable as indirect costs (appropriate documentation shall be provided) unless the contract contains a line item specifically for the Mentor-Protégé Program. A ceiling on allowable developmental costs shall be established at time of contract award.

(4) Procurements may be set-aside exclusively for competition among firms that are participants in the FAA Mentor-Protégé Program.

d. Review and Approval on Mentor-Protégé Application and Agreement.

(1) The Mentor-Protégé application and agreement is reviewed by the SBDPO. The review should be completed no later than 30 days after receipt by the FAA Team. SBDPO should provide a copy of the submitted information to the cognizant FAA service team for a parallel review and concurrence.

(2) Upon agreement approval, the mentor may implement the developmental assistance program.

(3) An approved agreement should be incorporated into the mentor or protégé firm's contract or memorandum of understanding with the FAA. It should be added to the subcontracting plan in contracts which contain such a plan.

(4) If the application is disapproved the mentor may provide additional information for reconsideration. The review of any supplemental material should be completed within 30 days after receipt by the SBDPO. Upon finding deficiencies that the FAA considers correctable, the SBO should notify the mentor and request information to be provided within 30 days that may correct the deficiencies.

e. Mentor-Protégé Program Guidance Additional Mentor-Protégé Program guidance is located at web site <http://www.sbo.faa.gov>.

Red Line Content: Procurement Guidance:

T3.6.1 - Small Business Development Program (Revision 22, January 2009)

Small Business Development

Section 8 : Mentor-Protégé

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(1) Mentors may receive additional evaluation points (for Mentor-Protégé Program participation) toward the award of contracts during the evaluation of competitive offers.

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