



DOT PROCUREMENT REINVENTION EXPERIMENT No. CGFHWA01

8(a) CONTRACTING

AT

DOT

9/17/98 Complete reissue. Future changes will be incorporated on a page replacement basis.
Comments or questions pertaining to this MOU should be directed to either:
Ms. Dani Wildason, (USCG) 202-267-1154 [dwildason@comdt.uscg.mil]
Mr. Frank Waltos, (FHWA) 202-366-4205 [frank.waltos@fhwa.dot.gov]

8(a) CONTRACTING

DOT PROCUREMENT REINVENTION EXPERIMENT No. CGFHWA01

Preface

With the advent of the National Performance Review (NPR) under the direction of Vice President Gore, the door was opened for Federal agencies to examine the way in which goods and services were procured, and to create innovative alternatives to streamline the process where needed. One of the procurement processes deemed ripe for reinvention was 8(a) contracting (Section 8(a) of the Small Business Act - 15 U.S.C. 644, as amended). The existing process was overburdened with duplicate procurement offices, (Small Business Administration (SBA) and the Department of Transportation (DOT) Operating Administrations), contract documents (prime and sub-contracts), and processes (legal reviews, contract office reviews, and cost evaluations), which added little or no value. These processes evolved over time due to Federal regulations, organizational structures, and the perceived need for oversight and accountability.

The Federal Highway Administration (FHWA) and the United States Coast Guard (USCG) joined forces to establish a task force to explore the potential for making improvements to the 8(a) contracting process. A streamlining plan was crafted and submitted to the DOT Reinvention Laboratory for consideration. It was subsequently accepted. This NPR experiment was the first involving multiple DOT administrations (FHWA/USCG) and other Federal agencies (SBA). The Task Force subsequently met with top management and legal officials at both DOT and SBA over a period of several months to structure a Memorandum of Understanding (MOU).

Simply stated, under the MOU, SBA's involvement was limited to counseling and certifying small DBE contractors under the 8(a) program, and accepting agency requirements in behalf of these 8(a) contractors. The procurement related activity, including SBA signature authority, was passed to the requiring agency with no need to revisit the SBA for further approvals. This change effectively cut a significant amount of time off the conventional 8(a) contract award process by not requiring the SBA to remain in the contracting business, but instead, permitting the SBA to focus its resources on providing assistance, counseling, and training for small business firms.

A secondary attribute of the MOU was making Simplified Acquisition Procedures (SAP) and Commercial Buys available for award under the 8(a) program. Simplified acquisitions (Purchase Orders) have traditionally not been available to 8(a) firms because the 8(a) process was too time consuming, which defeated the advantage of SAP. Under the MOU, SAP 8(a) awards are now not only possible, but may be accomplished with the same simplified manner as all other small purchases. This new feature will make available to 8(a) firms, a significant number of requirements to which 8(a) firms have traditionally been excluded.

The reinvented 8(a) award process which began as a DOT procurement reinvention experiment has since been awarded the Vice President's NPR Hammer Award in November, 1997, and has received national recognition. This process has been made available to all Federal agencies under Civilian Agency Acquisition Council (CAAC) case 98-3, significantly streamlining the way in which Federal agencies award contracts under the 8(a) Program.

IMPLEMENTATION PROCEDURES

for

STREAMLINING THE 8(a) CONTRACTING PROCESS

I. APPLICABILITY

These procedures implement and supplement the Memorandum of Understanding (MOU) dated January 17, 1997 (Attachment D) and Amendment 1 dated June 10, 1997 between the Department of Transportation (DOT) and the Small Business Administration (SBA). The MOU is applicable to the SBA and all DOT procurement offices. These guidelines implement the intent of the MOU and apply to all new procurement requirements under the 8(a) program effective March 1, 1997 through the term of the MOU.

II. WARRANTS

Under the terms of the MOU, the Heads of Contracting Activities (HCA) of the DOT Operating Administrations (OA) have added concurrent warrants to designated Contracting Officers, authorizing them to make direct awards of 8(a) contracts within their respective current warrant limits.

III. NOTICE TO OFFERORS (optional)

All solicitations for requirements offered to the 8(a) program under this MOU may contain a cover sheet (Attachment B) providing information to potential offerors.

IV. GUIDELINES

The following changes to the Federal Acquisition Regulation (FAR) are required to implement the DOT/SBA MOU.

Note 1: The following changes are applicable only to requirements processed under the attached DOT/SBA MOU.

Note 2: Unless otherwise stated, the “agency contracting officer” is a DOT OA contracting officer having concurrent SBA authority re-delegated by the HCA to enter into direct 8(a) contracts.

Acquisition of Commercial Items (FAR Part 12)

12.102 Applicability

(b) INCLUDE: Subpart 19.8, The 8(a) Program.

12.203 Procedures for solicitation, evaluation, and award.

INCLUDE: Subpart 19.8, The 8(a) Program

Simplified Acquisition Procedures (FAR Part 13)

NOTE: If the award is to be made in accordance with the MOU, the guidance at 19.804-2(d) applies. .
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Small Business Programs (FAR Part 19)

Subpart 19.508 Solicitation provisions and contract clauses

(e) ADD SENTENCE: For requirements processed under the MOU cited at 19.800, the clause 52.219-14 shall apply to all 8(a) awards following the procedures under 19.804-2(d). *(i.e., 52.219-14 applies to all 8(a) awards, including FAR Part 13 awards)*

Subpart 19.800 General

(a) ADD, FOLLOWING LAST SENTENCE: “Pursuant to the Memorandum of Understanding (MOU) between the Department of Transportation (DOT) and the Small Business Administration (SBA), SBA delegates to the HCA’s of the Operating Administrations within the DOT, its authority to contract directly with program participants under Section 8(a) of the Small Business Act.”

(b) REPLACE ENTIRE PARAGRAPH WITH: Contracts may be awarded by DOT procurement offices directly to eligible 8(a) contractors on either a sole source or competitive basis.

(c) DELETE.

19.804 Evaluation, offering, and acceptance.

19.804-2 Agency Offering

(a) ADD: The opening paragraph of the offering letter must state that the requirement is being offered under the DOT/SBA MOU for Streamlined 8(a) Contracting. All other items of the

offering letter remain in accordance with the FAR with exception of offering letters for requirements under FAR Part 13 (see (d)).

NOTE: See Attachment C for a sample 8(a) contract offering letter to SBA.
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(d) NEW: **Part 13 requirements.** Procuring activities may use the simplified acquisition procedures of Part 13 to issue purchase orders or contracts, not exceeding the simplified acquisition threshold defined under Part 13, to 8(a) participants. The following applies to such acquisitions:

- (1) Neither offering letters to, nor acceptance letters from the SBA are required.
- (2) The procuring activity will use the SBA's PRO-NET database on the Internet (<http://www.sba.gov>) to establish that the selected 8(a) firm is a current program participant.
- (3) The contracting officer will issue the purchase order directly to the 8(a) firm.
- (4) Once an 8(a) contractor has been identified, the agency contracting officer will establish the price with the selected 8(a) contractor and prepare and issue a purchase order or contract in accordance with the provisions of Part 13. The applicable clauses prescribed in 19.811-3 shall be included in the award document.
- (5) The Contracting Officer will forward to the SBA District Office serving the 8(a) firm a copy of the purchase order or contract within 5 days after the order is issued.

19.804-3 SBA Acceptance

(a) CHANGE: from 15 working days to 5 working days.

ADD: SBA's acceptance letters should be faxed or e-mailed to the offering contracting agency whenever possible.

(b) ADD: Contents of the acceptance letter shall be limited to the eligibility of the recommended 8(a) contractor and a statement advising the agency that, upon receipt of the contractor's initial priced proposal, the cognizant SBA BOS shall be contacted by telephone to ensure the firm is still eligible. The SBA BOS, at that time, shall respond to the agency via fax or e-mail within 2 working days as to the continued eligibility of the 8(a) firm.

19.805 Competitive 8(a)

19.805-2 Procedures

(a) ADD: Commercial Items (Part 12) and Simplified Acquisition Procedures (Part 13).

(c)(1) DELETED [see (c)(3)].

(c)(2) DELETED [see (c)(3)].

(c)(3) NEW: For requirements exceeding the simplified acquisition threshold processed under the DOT/SBA MOU cited in 19.800, the Contracting Officer shall FAX or e-mail the name, address, and telephone number of the low offeror (in sealed bid requirements), or the apparent successful offeror (in negotiated acquisitions) to the SBA Business Opportunity Specialist (BOS) at the field office servicing the identified 8(a) firm.

The SBA shall determine the eligibility of the firm and advise the contracting officer by return FAX or e-mail within 5 working days. If the participant is determined ineligible, the contracting officer will submit the name of the next low bidder or next apparent successful offeror (as applicable) to the BOS at the cognizant SBA field office.

19.806 Pricing the 8(a) contract.

(a) REPLACE ENTIRE PARAGRAPH WITH: The contracting officer shall price the 8(a) contract in accordance with Subpart 15.4. If required by Subpart 15.4, the contracting officer shall obtain certified cost or pricing data from the 8(a) contractor.

19.808 Contract negotiation.

19.808-1 Sole source.

(a) REPLACE ENTIRE PARAGRAPH WITH: If the award is to be made under the DOT/SBA MOU cited in 19.800, the 8(a) contractor is responsible for negotiating directly with the agency within the time established by the agency. If the 8(a) contractor does not negotiate within the established time and the agency cannot allow additional time, the agency may, after notifying the SBA, proceed with the acquisition from other sources.

(b) REPLACE ENTIRE PARAGRAPH WITH: If the award is to be made under the DOT/SBA MOU cited in 19.800, the agency is delegated the authority to negotiate directly with the 8(a) participant; however, if requested by the 8(a) participant, the SBA may participate in negotiations.

19.811 Preparing the contracts.

19.811-1 Sole Source

(a) [see (d) below]

(b) [see (d) below]

(c) [see (d) below]

(d) NEW: If the award is to be made under the DOT/SBA MOU cited in 19.800, the contract to be awarded by the agency to the 8(a) contractor shall be prepared in accordance with operating administration procedures and the DOT/SBA MOU for 8(a) streamlined acquisitions. The contracting officer may use the following award forms: (Standard Form) SF26, (Optional Form) OF347 (simplified acquisitions), SF1442 (construction), SF1449 (commercial items), as appropriate.

(1) The award form shall cite 41 U.S.C. 253(c)(5) or 10 U.S.C. 2304(c)(5) (as appropriate) as the authority for use of other than full and open competition.

(2) Appropriate clauses modified for purposes of implementation of the DOT/SBA MOU per 19.811-3 shall be included.

(3) A single award document shall be used between the agency and the 8(a) contractor. As such, a single signature by the agency's contracting officer who is identified as having concurrent authority to enter into 8(a) contracts will suffice (i.e., an SBA signature will not be required). The DOT operating administration will be identified under the agency contracting officer's signature. The 8(a) contractor's signature shall be placed on the award document as the prime contractor, unless a separate continuation sheet is used (see *Optional method*). The 8(a) contractor's name and address shall be placed in the "awarded to" or "contractor name" block on the appropriate forms.

Optional method. The agency may choose to utilize a continuation sheet (similar to a conventional tripartite format) if the contracting officer for the specific contract does not have concurrent 8(a) contracting authority. In this case, an agency contracting officer with concurrent 8(a) contracting authority will sign on a separate line.

Contract Numbering. Except for internal SBA use, the SBA will not issue a separate SBA contract number. The Operating Administration may use its conventional contract numbering system.

19.811-2 Competitive

DELETE ALL. Refer to 19.811-1 above.

19.811-3 Contract Clauses (*DEVIATED*)

(a) DELETE

(b) DELETE

(c) Insert the word, **(DEVIATED)** following the reference to 52.219-17.

(d) Insert the word, **(DEVIATED)** following the reference to 52.219-18.

(f) NEW: The Contracting Officer shall insert the clause at 52.252-5, Authorized Deviations in Provisions, in all 8(a) awards made pursuant to the DOT/SBA MOU.

(g) NEW: The Contracting Officer shall insert the clause at 52.252-6, Authorized Deviations in Clauses, in all 8(a) awards made pursuant to the DOT/SBA MOU.

19.812 Contract Administration

(b) (1) NEW: *Modifications*. In the case of modifications “beyond the scope” of the initial 8(a) contract award, a SBA determination of current eligibility of the 8(a) contractor by the SBA is required prior to proceeding with the modification, as prescribed under 13 C.F.R. §124.318(c). The cognizant SBA BOS shall be contacted by telephone to ensure that the firm is still eligible. The SBA BOS shall respond to the agency via fax or e-mail within 2 working days as to the continued eligibility of the 8(a) firm. If the firm is determined to no longer be eligible, the out of scope modification shall not be issued.

NOTE: The applicable FAR clauses revised pursuant to the MOU are presented in their new form in Attachment A

NOTE: For clarity of changes to the following clauses:
deleted text is illustrated in ~~strikeout~~, and
new text is illustrated in outline.

CLAUSES (FAR Part 52)

The prescription at FAR 19.811-3 and the following deviations to the FAR contract clauses have been modified for purposes of awards made under this MOU. The use of the terms subcontract and subcontractor in the following clauses shall refer to the 8(a) contractor:

52.219-17 Section 8(a) Award. (DEC 1996) (DEVIATION)

As prescribed in 19.811-3(c), insert the following clause:

SECTION 8(a) AWARD (DEC 1996) (*DEVIATION*)

(a) By execution of a contract, the Small Business Administration (SBA) agrees to the following:

(1) (~~*DELETED*~~) ~~To furnish the supplies or services set forth in the contract according to the specifications and the terms and conditions by subcontracting with the Offeror who has been determined an eligible concern pursuant to the provisions of section 8(a) of the Small Business Act, as amended (15 U.S.C. 637(a))~~

(2) Except for novation agreements and advance payments, delegates to the [*insert name of contracting activity*] the responsibility for administering the contract with complete authority to take any action on behalf of the Government under the terms and conditions of the contract; provided, however that the contracting agency shall give advance notice to the SBA before it issues a final notice terminating the right of the subcontractor to proceed with further performance, either in whole or in part, under the contract.

(3) That payments to be made under the contract will be made directly to the subcontractor by the contracting activity.

(4) To notify the [*insert name of contracting agency*] Contracting Officer immediately upon notification by the subcontractor that the owner or owners upon whom 8(a) eligibility was based plan to relinquish ownership or control of the concern.

(5) That the subcontractor awarded a subcontract hereunder shall have the right of appeal from decisions of the cognizant Contracting Officer under the “Disputes” clause of the subcontract

(b) The offeror/subcontractor agrees and acknowledges that it will, for and on behalf of the SBA, fulfill and perform all of the requirements of the contract.

(c) The offeror/subcontractor agrees that it will not subcontract the performance of any of the requirements of this subcontract to any lower tier subcontractor without the prior written approval of ~~the SBA~~ and the cognizant Contracting Officer of the *[insert name of contracting agency]*.

(e) *(NEW)* This contract is issued as a direct award between the contracting activity and the 8(a) contractor pursuant to the Memorandum of Understanding between the Small business Administration (SBA) and the Department of Transportation (DOT). SBA does retain responsibility for 8(a) certification, 8(a) eligibility determinations and related issues, and providing counseling and assistance to the 8(a) contractor under the 8(a) program. The cognizant SBA district office is: *[[To be completed by the Contracting Officer at time of award]]*

(End of clause)

**52.219-18 Notification of Competition Limited to Eligible 8(a) Concerns.
(JAN 1997) (DEVIATION)**

As prescribed in 19.811-3(d), insert the following clause:

**NOTIFICATION OF COMPETITION LIMITED TO ELIGIBLE 8(a) CONCERNS (JUL
1996) (DEVIATION)**

(a) Offers are solicited only from small business concerns expressly certified by the Small Business Administration (SBA) for participation in the SBA's 8(a) Program and which meet the following criteria at the time of submission of offer:

(1) SIC code [*] is specifically included in the Offeror's approved business plan; and

(2) The Offeror is in conformance with the 8(a) support limitation set forth in its approved business plan; and

(3) The Offeror is in conformance with the Business Activity Targets set forth in its approved business plan or any remedial action directed by the SBA.

(b) By submission of its offer, the Offeror certifies that it meets all of the criteria set forth in paragraph (a) of this clause.

(c) **(DEVIATION)** Any award resulting from this solicitation will be made to the Small Business Administration, which will subcontract performance directly by the [insert name of contracting agency] to the successful 8(a) offeror selected through the evaluation criteria set forth in this solicitation.

(d)(1) Agreement. A small business concern submitting an offer in its own name agrees to furnish, in performing the contract, only end items manufactured or produced by small business concerns in the United States. The term "United States" includes its territories and possessions, the Commonwealth of Puerto Rico, the Trust Territory of the Pacific Islands, and the District of Columbia. If this procurement is processed under simplified acquisition procedures and the total amount of this contract does not exceed \$25,000, a small business concern may furnish the product of any domestic firm. This subparagraph does not apply in connection with construction or service contracts.

(2) **(DEVIATION)** The [insert name of SBA's 8(a) contractor] will notify the [insert name of contracting agency] Contracting Officer, simultaneous with its notification to the SBA, in writing immediately upon entering an agreement (either oral or written) to transfer all or part of its stock or other ownership interest to any other party.

(e) **(NEW)** This contract is issued as a direct award between the contracting activity and the 8(a) contractor pursuant to the Memorandum of Understanding between the Small business

Administration (SBA) and the Department of Transportation (DOT). SBA does retain responsibility for 8(a) certification, 8(a) eligibility determinations and related issues, and providing counseling and assistance to the 8(a) contractor under the 8(a) program. The cognizant SBA district office is: *[[To be completed by the Contracting Officer at time of award]]*

(End of clause)

[* Insert SIC code assigned to the acquisition by the contracting activity]

NOTE: As a convenience to the contract specialist, the above FAR clauses which were revised pursuant to the MOU are presented below in their new (DEVIATION) form.

CLAUSES (FAR Part 52)

52.219-17 Section 8(a) Award. (DEVIATION) (DEC 1996)

As prescribed in 19.811-3(c), insert the following clause:

SECTION 8(a) AWARD (DEC 1996)

(a) By execution of a contract, the Small Business Administration (SBA) agrees to the following:

(1) **(DELETED)**

(2) Except for novation agreements, delegates to the *[insert name of contracting activity]* the responsibility for administering the contract with complete authority to take any action on behalf of the Government under the terms and conditions of the contract; provided, however that the contracting agency shall give advance notice to the SBA before it issues a final notice terminating the right of the subcontractor to proceed with further performance, either in whole or in part, under the contract.

(3) That payments to be made under the contract will be made directly to the subcontractor by the contracting activity.

(4) To notify the *[insert name of contracting agency]* Contracting Officer immediately upon notification by the subcontractor that the owner or owners upon whom 8(a) eligibility was based plan to relinquish ownership or control of the concern.

(5) That the subcontractor awarded a subcontract hereunder shall have the right of appeal from decisions of the cognizant Contracting Officer under the “Disputes” clause of the subcontract.

(b) The offeror/subcontractor agrees and acknowledges that it will, for and on behalf of the SBA, fulfill and perform all of the requirements of the contract.

(c) The offeror/subcontractor agrees that it will not subcontract the performance of any of the requirements of this subcontract to any lower tier subcontractor without the prior written approval of the cognizant Contracting Officer of the *[insert name of contracting agency]*.

(e) **(NEW)** This contract is issued as a direct award between the contracting activity and the 8(a) contractor pursuant to the Memorandum of Understanding between the Small business Administration (SBA) and the Department of Transportation (DOT). SBA does retain responsibility for 8(a) certification, 8(a) eligibility determinations and related issues, and providing counseling and assistance to the 8(a) contractor under the 8(a) program. The cognizant SBA district office is: *[To be completed by the Contracting Officer at time of award]*

(End of clause)

**52.219-18 Notification of Competition Limited to Eligible 8(a) Concerns.
(DEVIATION) (JAN 1997)**

As prescribed in 19.811-3(d), insert the following clause:

**NOTIFICATION OF COMPETITION LIMITED TO ELIGIBLE 8(a) CONCERNS (JUL
1996)**

(a) Offers are solicited only from small business concerns expressly certified by the Small Business Administration (SBA) for participation in the SBA's 8(a) Program and which meet the following criteria at the time of submission of offer:

(1) SIC code [*] is specifically included in the Offeror's approved business plan;
(2) The Offeror is in conformance with the 8(a) support limitation set forth in its approved business plan; and

(3) The Offeror is in conformance with the Business Activity Targets set forth in its approved business plan or any remedial action directed by the SBA.

(b) By submission of its offer, the Offeror certifies that it meets all of the criteria set forth in paragraph (a) of this clause.

(c) **(DEVIATION)** Any award resulting from this solicitation will be made directly by the [insert name of contracting agency] to the successful 8(a) offeror selected through the evaluation criteria set forth in this solicitation.

(d)(1) **(DEVIATION)** Agreement. A small business concern submitting an offer in its own name agrees to furnish, in performing the contract, only end items manufactured or produced by small business concerns in the United States. The term "United States" includes its territories and possessions, the Commonwealth of Puerto Rico, the Trust Territory of the Pacific Islands, and the District of Columbia. If this procurement is processed under simplified acquisition procedures and the total amount of this contract does not exceed \$25,000, a small business concern may furnish the product of any domestic firm. This subparagraph does not apply in connection with construction or service contracts.

(2) **(DEVIATION)** The [insert name of 8(a) contractor] will notify the [insert name of contracting agency] Contracting Officer, simultaneous with its notification to the SBA, in writing immediately upon entering an agreement (either oral or written) to transfer all or part of its stock or other ownership interest to any other party.

(e) **(DEVIATION)** This contract is issued as a direct award between the contracting activity and the 8(a) contractor pursuant to the Memorandum of Understanding between the Small Business Administration (SBA) and the Department of Transportation (DOT). SBA does retain responsibility for 8(a) certification, 8(a) eligibility determinations and related issues, and providing counseling and assistance to the 8(a) contractor under the 8(a) program. The cognizant SBA district office is: **[To be completed by the Contracting Officer at time of award]**

(End of clause)

[* Insert SIC code assigned to the acquisition by the contracting activity]

NOTICE TO OFFERORS

(NOTE) In addition to the provisions found at 52.219-17 (DEVIATED) or 52.219-18 (DEVIATED) as applicable, the Contracting Officer may use this Notice to Offerors.

This procurement solicitation is being processed under a Memorandum of Understanding (MOU) between the Department of Transportation (DOT) and the Small Business Administration (SBA), under which the SBA has delegated to the DOT, authority to enter into 8(a) contracts directly with eligible 8(a) firms. The MOU implements a procurement reinvention experiment designed to streamline the procurement process for awards under the 8(a) program.

Under this program, the ____ (*insert OA name*) ____ will make the award directly to the 8(a) firm. SBA will not be a signatory to the award resulting from this solicitation. SBA will, however, retain responsibility for 8(a) certification, administering other eligibility related issues under the 8(a) program, and be available to 8(a) firms for counseling and assistance.

[*add the following for use with competitive solicitations*]

Servicing Small Business Administration Field Office

To facilitate communications, it is requested that the 8(a) participant submitting this offer/bid provide the following information regarding the cognizant servicing Small Business Administration (SBA) office for the firm.

Servicing SBA Office address: _____

Cognizant Business Opportunity Specialist: Name _____
Phone _____

Attachment C
(Sample offering letter to SBA
for an 8(a) contract award)

Commandant
United States Coast Guard

2100 Second Street, SW
Washington, DC 20593-0001
Staff Symbol: G-ACS/WS
Phone: (202) 267-2499
FAX: (202) 267-4019

4380
May 27, 1997

Mr. Prospero Uybarreta
Business Opportunity Specialist
U.S. Small Business Administration
New York District Office
26 Federal Plaza, Room 2100
New York, New York 10278

Dear Mr. Uybarreta:

The U.S. Coast Guard Headquarters has identified a requirement for a contractor to provide Maintenance Services in support of the Supply Center Computer Replacement System at the U.S. Coast Guard Engineering Logistics Center, Baltimore, MD. **This procurement is being offered under the Department of Transportation/Small Business Administration's Memorandum of Understanding (MOU) for Streamlined 8(a) Contracting. The U.S. Coast Guard, Acquisition Directorate, Contract Support Division, (G-ACS) is identified as a pilot site within the MOU. The effective date for the MOU was 1 March 1997.** The following additional information is provided pursuant to Federal Acquisition Regulation 19.804-2 for this buy:

1. The Statement of Work is provided as an enclosure.
2. The period of performance is a base period commencing from 1 October 1997 through September 30, 1998, with an option period consisting of one year.
3. The applicable SIC code is 7371, size standard \$18M.
4. The total estimated amount for this requirement is \$1,623,374 outlined as follows:

Base Period \$930,052
Option Year 1 \$693,322
5. No special restrictions or geographical limitations exist for this requirement.
6. The selected firm is deemed to be capable of providing the services described in the enclosed Statement of Work.
7. A time and materials contract is anticipated.

8. Because the Supply Center Computer Replacement (SCCR) system is a new system, no previous maintenance requirement has existed. WR Systems, LTD., developed the SCCR under Coast Guard Contract DTG23-95-D-TCXE01.
9. No solicitation for this specific acquisition has been issued indicating this requirement as a small business or small disadvantaged business set-aside nor has the requirement been publicly announced.
10. The recommended subcontractor is WR Systems, LTD., New York, NY.
11. No bonding requirements exist.
12. No other 8(a) company has marketed this effort.
13. No SBA district or regional offices have asked for this acquisition under the 8(a) program.
14. It is recommended that this acquisition be pursued on a sole source basis with the subcontractor nominated herein.

Please notify this office of your decision regarding acceptance of this offer. If accepted, please provide the current 8(a) status of the nominated firm as well as the delegation of authority to negotiate and administer the resultant subcontract.

Should additional information be required, please contact the undersigned at (202) 267-2499. **The fax number for this office is (202) 267-4019.**

Sincerely,

WENDI SMITH
Small Business Specialist

Enclosure

MEMORANDUM OF UNDERSTANDING
between the
U.S. SMALL BUSINESS ADMINISTRATION
and the
U.S. DEPARTMENT OF TRANSPORTATION

I. PURPOSE

The purpose of this Memorandum of Understanding (MOU) between the U.S. Small Business Administration (SBA) and the U.S. Department of Transportation (DOT) is to establish streamlining procedures for expediting the award of requirements pursuant to Section 8(a) of the Small Business Act (15 U.S.C. 644, as amended) (hereinafter the “Act”). This MOU is established in conjunction with an experiment registered with the DOT Procurement Reinvention Laboratory authorized under the National Performance Review program (attached). An objective of the Laboratory is to promote procurement process efficiencies through pilot testing of innovative ideas.

II. OBJECTIVES

- a. To reduce the interval between the time DOT sends an offering letter to SBA and SBA acceptance of the offering to a maximum of five workdays.
- b. To eliminate SBA approval of contracts executed under the authority of this MOU.
- c. To establish a uniform policy and procedure regarding application of Simplified Acquisition Procedures (SAP) to the 8(a) contracting process, where applicable.

III. SCOPE

This MOU provides for the award of both contracts and purchase orders under the provisions of Section 8(a) of the Small Business Act as implemented by the Federal Acquisition Regulation (49 C.F.R.) (FAR) and SBA’s Minority Enterprise Development Program regulations (13 C.F.R. 124).

This MOU encompasses all competitive and non-competitive acquisitions of requirements offered by the DOT and accepted by the SBA into the 8(a) program, including but not limited to: Acquisition of Commercial Items (FAR Part 12), awards under the Simplified Acquisition Procedures (FAR Part 13), awards resulting from Sealed Bids (FAR Part 14), Contracting by Negotiation (FAR Part 15), and Construction and Architect and Engineering services (FAR Part 36).

This MOU shall apply to all SBA field offices throughout the United States, and for the DOT, the following currently identified procurement offices:

Federal Highway Administration
Office of Acquisition Management
400 Seventh Street, SW
Washington, DC 20590

Federal Highway Administration
Central Federal Lands Highway Division
555 Zang Street
Lakewood, CO 80228

Federal Highway Administration
Eastern Federal Lands Highway Division
21400 Ridgetop Circle
Sterling, VA 20166

Federal Highway Administration
Western Federal Lands Highway Division
610 East Fifth Street
Vancouver, WA 98661

Commandant (G-ACS)
U. S. Coast Guard Headquarters
Procurement Management Division
2100 Second Street, SW
Washington, DC 20593-0001

Commander (f)
U. S. Coast Guard Maintenance
and Logistics Center (Pacific)
Coast Guard Island, Building 54A
Alameda, CA 94501-5100

Commander (f)
U. S. Coast Guard Maintenance
and Logistics Command (Atlantic)
300 E. Main Street, Suite 875
Norfolk, VA 23510-9107

Transportation Administrative
Services Center (TASC)
400 Seventh Street, SW
Washington, DC 20590

All other contracting offices of the DOT will conduct 8(a) awards under currently established practice as defined in 13 C.F.R. Part 124 and the FAR. At such time as it is determined by both the SBA and DOT that the pilot program is successful, and it is advantageous to do so, other DOT procurement offices will be enrolled in the pilot project, as warranted.

IV. RESPONSIBILITIES

a. The SBA shall:

1. delegate to each of the following DOT Operating Administrations: Federal Highway Administration, U.S. Coast Guard, and Transportation Administrative Services Center, and any other Operating Administrations mutually agreed to by DOT and SBA and added through amendment to this MOU, with specific authority to re-delegate to warranted contracting officers, as appropriate, its authority under Section 8(a) (1) (A) of the Act to enter into prime contracts and its authority under Section 8(a) (1) (B) of the Act to subcontract the performance of that contract to an eligible 8(a) Program Participant (participant);

2. establish and implement uniform procedures for use by all SBA field offices in conjunction with this pilot test. As a minimum, these procedures shall inform the field offices of this pilot test and establish a procedure for communicating the offer/acceptance of 8(a) requirements within 5 working days between the time the SBA receives an offer letter from one of the designated DOT procurement offices until an SBA acceptance letter is issued;
3. review the DOT's offer letter and issue an acceptance letter, where appropriate, within 5 working days of receipt. Acceptance goes to all elements of eligibility (e.g., determinations of adverse impact, Standard Industrial Classification (SIC) code appropriateness, and program eligibility). SBA will make a final determination of size eligibility for the procurement as of the date of the concern's initial offer which includes price;
4. provide 8(a) participants with assistance on proposal development and/or contract negotiations when requested;
5. retain the right to appeal contract disagreements to the Secretary of the DOT on behalf of the 8(a) participant pursuant to 13 C.F.R. 124.320(b);
6. reserve the right to perform on-site contract surveillance reviews at the DOT to ensure compliance with this MOU and applicable regulations, identify problems, and recommend corrective action.
7. Reserve the right to withdraw any delegation issued as a result of this MOU; and
8. Select an appropriate 8(a) participant when the DOT submits an "open" offer letter for a sole source requirement.
 - b. The DOT shall:
 1. determine which requirements are suitable to be offered to the 8(a) program in accordance with FAR Subpart 19.8, and where appropriate, identify, in conjunction with the appropriate SBA servicing offices, 8(a) participants capable of performing these requirements;
 2. submit the offer letter for new sole source requirements to the SBA's servicing District Office having cognizance of the selected 8(a) participant;
 3. where an 8(a) participant has not been selected for a requirement, submit the "open" offer letter for sole source requirements to the SBA field office that services the geographical area where the DOT buying activity is located;
 4. submit the offer letter for competitive 8(a) procurements to the SBA field office that services the geographical area where the DOT buying activity is located, except that

offer letters for construction work will be sent to the SBA field office located in the geographical area where the work will be performed;

5. advertise all 8(a) competitive procurements in the Commerce Business Daily and provide a copy of the announcement to the SBA's coordinating office.
6. ensure that all applicable requirements of 13 C.F.R. 124 are followed;
7. submit requirements for review by agency legal counsel for determination of legal sufficiency, in accordance with DOT Operating Administration procedures.
8. include the SBA servicing District Office on contract distribution lists;
9. report to the SBA's Assistant Administrator for Business Development, Office of Minority Business Enterprise, on a quarterly basis, a summary of all 8(a) contracting activities. The report will be provided in electronic format and shall include the contractor's name, address, and SBA case number; requirement number; contract number, award amount, and the contract type and term; and, as appropriate, modification number, type, date, modification amount; and
10. ensure that all contracts awarded pursuant to this MOU contain special provisions required to coordinate contract termination and novation proceedings related to contracts executed pursuant to this MOU with the SBA prior to initiating action.

V. EXECUTION

Following SBA acceptance of a DOT requirement, and subsequent solicitation, the cognizant CO shall execute a prime contract (or purchase order) between the DOT, and the 8(a) participant. Contract execution shall be on (Standard Forms) SF26 (award of supplies/services), OF347 (simplified acquisitions), SF1442 (award of construction), or SF1449 (award of commercial items), as appropriate. A single copy of the appropriate form shall be used. The "Issued by" block shall identify the awarding DOT office. The cognizant SBA District office for the participant shall be identified in the award document. The participant name and address shall be listed as the contractor.

Each participating DOT agency shall issue procurement instrument numbers. (An SBA subcontract number will not be issued.).

A single DOT CO signature may be used in executing the contract or purchase order (A SBA CO signature will not be required). The CO title shall include the appropriate DOT operating administration, as illustrated below:

Contracting Officer for the
(DOT operating administration)

VI. MEASURE OF EFFECTIVENESS

To determine the effectiveness of this pilot test, the DOT will accumulate data which may include awarded amounts under both contract and SAP, Procurement Administrative Lead Times (PALT), or numbers of awards. Specific data tracking elements will be defined during implementation of the pilot project. Fiscal Year 1996 will serve as the data baseline. The DOT 8(a) goal is 11.5 percent for this pilot project.

VII. TERM

This MOU will take effect on the date of acceptance and will remain in effect for one year, at which time, it may be renewed by mutual agreement of the SBA and the DOT.

VIII. AMENDMENT

This MOU may be amended at any time by mutual agreement of the SBA's AA/MED and the DOT's Senior Procurement Executive. Any amendments must be in writing..

IX. TERMINATION

This MOU may be terminated by either SBA's AA/MED and the DOT's Senior Procurement Executive upon thirty (30) days advance, written notice.

X. ADMINISTRATION

The following persons are points of contact for administrative matters pertaining to this MOU:

Mr. Frank J. Waltos, (HAM-20)
Office of Acquisition Management
Federal Highway Administration
202-366-4205

Ms. Dani Wildason, (G-CPM-S/1)
Procurement Management Division
U.S. Coast Guard Headquarters
202-267-1154

Mr. Arthur E. Collins, Jr.
Assistant Administrator for Business
Development
U.S. Small Business Administration
202-205-6423

Mr. William Fisher
Deputy Associate Administrator
Minority Enterprise Development
U.S. Small Business Administration
202-205-6412

Mr. Will Terry Moore, (S-40)
Office of the Secretary
Office of Small and Disadvantaged
Business Utilization
Department of Transportation
202-366-1902

Ms. Cynthia Blackmon Transportation
Administrative
Services Center (TASC)
202-366-4968

XI. ACCEPTANCE

The undersigned parties hereby accept the terms of this MOU:

/ss/ 1/17/97
Frederico F. Peña, Secretary
U.S. Department of Transportation

 /ss/ 1/17/97
Mortimer L. Downey, Deputy Secretary
U.S. Department of Transportation

 /ss/ 1/22/97
Rodney E. Slater, Administrator
Federal Highway Administration

 /ss/ 1/22/97
Admiral Robert E. Kramek, Commandant
U.S. Coast Guard

 /ss/ 1/23/97
George C. Fields, Director
Transportation Administrative Services
Center

 /ss/ 1/23/97
Luz A. Hopewell, Director
Office of Small and Disadvantaged Business
Utilization

 /ss/ 1/19/97
Philip Lader, Administrator
U.S. Small Business Administration

 /ss/ 1/17/97
Ginger Lew, Deputy Administrator
U.S. Small Business Administration

 /ss/ 1/17/97
Darryl Dennis,
Counselor to the Administrator
U.S. Small Business Administration

 /ss/ 1/17/97
Ronald K. Hobson, Associate Deputy
Administrator for Government Contracting
and Minority Enterprise Development
U.S. Small Business Administration

 /ss/ 1/17/97
Calvin Jenkins, Associate Administrator
for Minority Enterprise Development
U.S. Small Business Administration

MEMORANDUM OF UNDERSTANDING
between the
U.S. SMALL BUSINESS ADMINISTRATION
and the
U.S. DEPARTMENT OF TRANSPORTATION

I. PURPOSE

This Amendment 1 is issued pursuant to Article VIII of the Memorandum of Understanding (MOU) dated January 17, 1997, between the U.S. Department of Transportation (DOT) and the U.S. Small Business Administration (SBA). The purpose of this Amendment 1 is to add the remaining DOT Operating Administrations to the pilot program and to extend the term of the MOU. All other portions of the MOU remain unchanged.

III. SCOPE is amended to add the following DOT procurement offices, to be effective on the dates shown:

Effective July 15, 1997:

All procurement offices within:

Federal Transit Administration
400 Seventh Street, SW
Washington, DC 20590

Maritime Administration
400 Seventh Street, SW
Washington, DC 20590

Research and Special Programs
Administration
400 Seventh Street, SW
Washington, DC 20590

National Highway Traffic Safety
Administration
400 Seventh Street, SW
Washington, DC 20590

Federal Railroad Administration
400 Seventh Street, SW
Washington, DC 20590

Commanding Officer
U.S. Coast Guard
Aircraft Repair & Supply Center
Building 63
Elizabeth City, NC 27909-5001

Commandant G-HSC(a-3)
U.S. Coast Guard Headquarters
Logistics and Purchasing Branch
2100 Second Street, SW
Washington, DC 20593-0001

Effective October 1, 1997:

All remaining DOT Operating
Administration procurement centers.

VII. TERM is revised to include Amendment 1 as follows:

The term of the MOU is extended to September 30, 1998 to coincide with the term of DOT Reinvention Experiment No. CGFHWA01.

This Amendment 1 will take effect on the date of acceptance and will remain in effect for the term of the MOU.

XI. ACCEPTANCE

As provided for under Article VIII of the MOU, the undersigned parties hereby accept the terms of this MOU Amendment 1:

_____/ss/_____6/10/97

David J. Litman
Senior Procurement Executive
U.S. Department of Transportation

_____/ss/_____
6/16/97

William Fisher
Acting Associate Administrator,
Minority Enterprise Development
U.S. Small Business Administration

MEMORANDUM OF UNDERSTANDING
between the
U.S. SMALL BUSINESS ADMINISTRATION
and the
U.S. DEPARTMENT OF TRANSPORTATION

I. PURPOSE

This Amendment 2 is issued pursuant to Article VIII of the Memorandum of Understanding (MOU) dated January 17, 1997, between the U.S. Department of Transportation (DOT) and the U.S. Small Business Administration (SBA). The purpose of this Amendment 2 is to extend the term of the MOU. All other portions of the MOU remain unchanged.

VII. TERM is revised to include Amendment 2 as follows:

The term of the MOU is extended to September 30, 2000.

This Amendment 2 will take effect on the date of acceptance and will remain in effect until the term date.

XI. ACCEPTANCE

As provided for under Article VIII of the MOU, the undersigned parties hereby accept the terms of this MOU Amendment 2:

_____/ss/_____
David J. Litman
Senior Procurement Executive
U.S. Department of Transportation

9/17/98

_____/ss/_____
William Fisher
Associate Administrator for
8(a) Business Development
U.S. Small Business Administration

9/17/98