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MEMORANDUM FOR RONALD POUSSARD
DIRECTOR
DEFENSE ACQUISITION REGULATIONS COUNCIL

FROM:  LAURIE A. DUARTE
SUPERVISOR
REGULATORY SECRETARIAT

SUBJECT: FAR Case 2003-015, Applicability of SDB and HuBZone Price Evaluation Factor

Attached is a comment received on the subject FAR case published at 69 FR 53780; September 2, 2004. The comment closing date was November 1, 2004.

<u>Response Number</u>	<u>Date Received</u>	<u>Comment Date</u>	<u>Commenter</u>
2003-015-1	10/28/04	10/20/04	The Boeing Company

Attachment

2003-015-1

October 20, 2004

General Services Administration
Regulatory Secretariat (V)
1800 F Street, NW, Room 4035
Attention: Ms. Laurie Duarte
Washington, DC 20405



Subject: Federal Acquisition Regulation; Applicability of SDB and HUBZone Price Evaluation Factor.

Reference: Proposed rule FAR Case 2003-015, 69 FR 53780, September 2, 2004.

Dear Ms. Duarte:

The Boeing Company has completed an internal review of the subject proposed rule, with request for comments that was published in the Federal Register on Thursday, September 2, 2004 (69 FR 53780). We appreciate the opportunity to provide comments to the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) on the most recent proposed changes to the Federal Acquisition Regulation (FAR) coverage on the applicability of "SDB and HUBZone Price Evaluation Factors".

As you are aware, the Councils are proposing to amend FAR, at the request of SBA, in order to remove some of the exceptions to the applicability of the SDB and HUBZone price evaluation factor as found in Part 19 – Small Business Programs.

Currently, the language in Part 19.1103 (a) directs the contracting officer to give offers from SDBs a price evaluation adjustment by adding a factor of a predetermined percentage to all offers, except for offers from SDBs that have not waived the adjustments or... successful offers for certain products which are covered under the Trade Agreement Act, a Memorandum of Understanding or other international agreements with foreign governments. Part 19.307 provides for similar pricing adjustments for HUBZone small businesses.

This language (as currently written) gives preferential treatment for certain offers of foreign products in acquisitions intended to provide preference for SDBs or HUBZones. Implementation of the proposed rule would remove this preferential treatment (pricing favoritism) for offers of foreign products [i.e. the proposed rule deletes paragraphs (a)(2), (a)(3) and (a)(5) in section 19.1103 and paragraphs (b)(3) and (b)(4) in section 19.1307 of Part 19 – Small Business Programs.

The Boeing Company supports the proposed rule as presently drafted. There may be some residual benefits to large businesses as the proposed rule would put large businesses on a more equal footing with internationally -owned firms in the evaluation of its federal agency offers. The rule change will not directly benefit The Boeing Company with regards to meeting its Small Disadvantaged Business (SDB) or HUBZone goals; however this proposal is a step

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10/28/04
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2003-015-1

in the right direction to ensure that federal agencies are able to more fully utilize the provisions set forth in small business preference programs.

Thank you again for the opportunity to comment on this important issue. For further information, please contact Priscilla Jones at 206-769-7497 or Mark Olague at (253) 773-2173.



Sincerely,

A handwritten signature in black ink that reads 'Warren L. Reece'.

Warren L. Reece
Director, Contract Policy & Process