



DEPARTMENT OF VETERANS AFFAIRS
DEPUTY ASSISTANT SECRETARY FOR ACQUISITION AND MATERIEL MANAGEMENT
WASHINGTON DC 20420

IL 049-04-5
March 3, 2004

OFFICE OF ACQUISITION AND MATERIEL MANAGEMENT INFORMATION LETTER

TO: Under Secretaries for Health, Benefits, and Memorial Affairs; Assistant Secretary for Management; Chief Facilities Management Officer, Office of Facilities Management; Veterans Integrated Service Network Directors; Directors, VA Medical Center Activities, Domiciliary, Outpatient Clinics, Medical and Regional Office Centers, and Regional Offices; Directors, Denver Distribution Center, Austin Automation Center, Records Management Center, VBA Benefits Delivery Centers, and the VA Health Administration Center; and the Executive Director and Chief Operating Officer, VA National Acquisition Center

ATTN: Head of the Contracting Activity, VA Contracting Officers

SUBJ: Contract Bundling and Contract Bundling Reviews

1. This Information Letter provides guidance on the Federal Acquisition Regulation (FAR) final rule for implementing contract bundling initiatives in the Department of Veterans Affairs (VA). This FAR final rule was published in the Federal Register and became effective October 20, 2003.
2. Contract bundling is defined as consolidating two or more procurement requirements for goods or services previously provided or performed under separate, smaller contracts into a solicitation of offers for a single contract that is unlikely to be suitable for award to a small business concern. Attachment 1 is a memo from Secretary Principi noting that VA must mitigate contract bundling to the maximum extent possible.
3. When considering bundling of requirements, the contracting officer must avoid unnecessary and unjustified bundling and take efforts to mitigate the negative impact that contract bundling has on small business concerns. To justify contract bundling, there must be "measurably substantial benefits," such as cost savings, quality improvements, reduction in acquisition cycle times, or better terms and conditions than would result from an unbundled acquisition. The benefits of contract bundling must be quantified, along with an explanation how these benefits would be measurably substantial.
4. Contracts with an estimated value of \$1 million and above, including options, task and delivery orders valued at \$1 million and above, and blanket purchase agreements (BPAs) in excess of \$1 million, will require a contract bundling review by the Office of Small and Disadvantaged Business Utilization (OSDBU) or the Small Business Administration (SBA) Procurement Center Representative (PCR), where one is officially

2.

IL 049-04-5

March 3, 2004

assigned. Also, reviews are applicable to single and multiple award contracts, multi-agency contracts (MACs), and orders placed under Government-Wide Acquisition Contracts (GWACs), and the General Services Administration's (GSA) Multiple Award Schedule Program.

5. The requirement to submit VA Form 2268, Record of Procurement Request Review for the Small Business Programs and Contract Bundling, is revised to include review of sources listed in FAR Subpart 8.404(a)(2)(i)(ii). A copy of the revised VA Form 2268 is provided as Attachment 2.

6. VA contracting officers are to comply with FAR Part 7, Acquisition Planning, and ensure that these additional procedures are followed when considering necessary and justified contract bundling:

a. Contracting officers shall:

(1) Perform market research to determine whether bundling is necessary and justified for all new contracts and prior to exercising option years on existing contracts that had not previously undergone a contract bundling review. The market research shall include the publishing in the single Government point-of-entry (GPE) for Federal Government procurement opportunities over \$25,000 (www.FedBizOpps.gov) of a notice of intent to procure a bundled contract with an estimated value of \$1 million and above, including options, as well as task and delivery orders valued at \$1 million and above under MACs, GWACs, and GSA's Multiple Award Schedules. This notice shall allow 15 calendar days for comments from the public. Comments received shall be forwarded to OSDDBU with all other market research documentation.

(2) Obtain the approval of OSDDBU representative (or the SBA PCR, where one has been formally designated) on the proposed bundled acquisition strategy. This approval shall be obtained by submitting VA Form 2268, Record of Procurement Request Review for the Small Business Programs and Contract Bundling. Prepare and submit to OSDDBU or PCR in accordance with the instructions on the form, and include all documentation relative to the market research and cost benefit analysis.

(3) An approved 2268 must be obtained prior to final synopsis and release of solicitation.

(4) A Contract Bundling Checklist has been included as Attachment 3.

3.

IL 049-04-5

March 3, 2004

b. Heads of Contracting Activities shall:

(1) Hold acquisition professionals accountable for maximizing small business participation in all procurements.

(2) Review and provide a signed (by HCA) copy of VA Form 2268 to OSDBU on any solicitation being submitted for review.

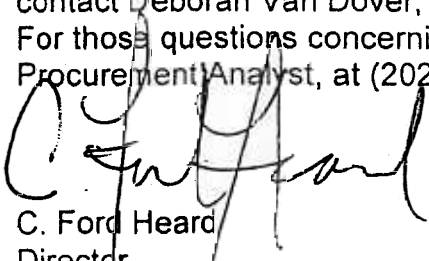
(3) Reinforce acquisition planning in accordance with FAR Part 7.

(4) Ensure that national contracting activities, national standardization programs, and prime vendor programs consider the impact of any bundling that might affect small business participation and encourage acquisition strategies that maximize prime and subcontracting opportunities for small businesses.

(5) Strengthen the monitoring and enforcement of subcontracting plans by the contracting officers/contract administrators in cooperation with OSDBU.

7. OSDBU will perform the bundling reviews within 15 working days of receiving a complete contract bundling packet. Non-receipt of a completed review within this time frame does not constitute concurrence. Nothing in this document shall negate the requirements under Class Deviation to VAAR Subpart 819.502-70, and those procedures must be followed for unbundled procurements. A dispute between OSDBU/PCR and the contracting officer shall be resolved by the Senior Procurement Executive (SPE).

8. If you have any questions concerning the bundling review process and procedures, contact Deborah Van Dover, OSDBU Senior Procurement Analyst, at (202) 565-7795. For those questions concerning policy, contact Paulette Creighton, OA&MM Senior Procurement Analyst, at (202) 273-8821.



C. Ford Heard
Director
Acquisition Resources Service

Attachments

Distribution: RPC 7029



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

June 10, 2003

MEMORANDUM FOR UNDER SECRETARIES, ASSISTANT SECRETARIES, AND
OTHER KEY OFFICIALS

SUBJECT: Strategies to Mitigate Effects of Contract Bundling on Small Businesses

This memorandum is directed to all Department of Veterans Affairs (VA) organizations, but especially to those that have significant small business procurement challenges and/or opportunities.

VA is committed to the President's initiative of supporting small business in the Federal acquisition process. As a result of the Office of Federal Procurement Policy's October 2002 report, *Contract Bundling, A Strategy for Increasing Federal Contracting Opportunities for Small Business*, the Office of Management and Budget (OMB) requires each executive branch agency to develop a nine-point action plan to eliminate unnecessary contract bundling.

Contract bundling is the consolidating of two or more procurement requirements for goods or services previously provided or performed under separate, smaller contracts into a solicitation of offers for a single contract. This type of contract is unlikely to be suitable for award to a small business concern. The action plans that agencies develop will help to mitigate the effects of unnecessary contract bundling on small businesses. VA will submit quarterly progress reports to OMB on our implementation efforts.

All VA organizations shall ensure that their contracting opportunities are not unnecessarily bundled to the exclusion of small business participation. In order to achieve this goal, each organization must include strategies for mitigating the effects of contract bundling on small businesses in its Small Business Improvement Plan. This plan is due to the Office of Small and Disadvantaged Business Utilization annually by August 1.

Mr. C. Ford Heard, Office of Acquisitions, and Mr. Wayne Simpson, Office of Small and Disadvantaged Business Utilization, are available to answer any questions you or your staff may have about this new requirement. You may reach Mr. Heard at 202-273-8815 and Mr. Simpson at 202-565-8131.


Anthony J. Principi

A. OSDBU CONTROL NUMBER: _____ (ASSIGNED BY OSDBU)

<p>1. CONTRACTING OFFICE</p> <p>NAME: _____</p> <p>STREET ADDRESS: _____</p> <p>CITY: _____ STATE: _____ ZIP: _____</p> <p>TELEPHONE NUMBER: _____</p> <p>FAX NUMBER: _____</p>	<p>2. DATE OF PURCHASE REQUEST</p> <hr/> <p>3. ESTIMATED DOLLAR VALUE:</p> <p>THIS FY: \$ _____</p> <p>TOTAL CONTRACT VALUE: \$ _____</p>	<p>4. PERIOD OF PERFORMANCE (INCLUDE OPTION YEARS):</p>
---	---	---

5. DESCRIPTION OF SUPPLIES OR SERVICES

6. CONCURRENCE (SIGNATURE) OF SMALL BUSINESS SPECIALIST FOR THE CONTRACTING ACTIVITY: _____ DATE: _____

CONTRACTING OFFICE

7. SOLICITATION NUMBER	8. ANTICIPATED DATE OF RELEASE	9. ANTICIPATED DATE OF RESPONSE/OPENING	10. NAICS CODE AND SMALL BUSINESS SIZE STANDARDS
------------------------	--------------------------------	---	--

<p>11. PROPOSED METHOD OF PROCUREMENT (CHECK ALL APPLICABLE BOXES):</p> <p><input type="checkbox"/> GSA-MULTIPLE AWARD SCHEDULE ORDER/DELIVERY/TASK ORDER AGAINST EXISTING CONTRACT</p> <p><input type="checkbox"/> MULTI-AGENCY CONTRACT ORDER</p> <p><input type="checkbox"/> GOVERNMENT-WIDE ACQUISITION CONTRACT ORDER</p> <p><input type="checkbox"/> OPEN MARKET BUY - SELECT ONE OF THE FOLLOWING:</p> <p><input type="checkbox"/> SERVICE-DISABLED VETERAN-OWNED BUSINESS SET-ASIDE</p> <p><input type="checkbox"/> 8(A) HUBZONE SOLE SOURCE (I.D. PROPOSED CONTRACTOR)</p> <p><input type="checkbox"/> HUBZONE SOLE SOURCE</p> <p><input type="checkbox"/> 8(A) SOLE SOURCE</p> <p><input type="checkbox"/> HUBZONE COMPETITION</p> <p><input type="checkbox"/> 8(A) COMPETITION</p> <p><input type="checkbox"/> 100% SMALL BUSINESS SET-ASIDE</p> <p><input type="checkbox"/> PARTIAL SMALL BUSINESS SET-ASIDE: \$ _____</p> <p><input type="checkbox"/> UNRESTRICTED - INSUFFICIENT SMALL BUSINESS (ATTACH JUSTIFICATION, PROPOSED SUBCONTRACTING AMOUNTS AND EVALUATION PREFERENCE FOR SDB'S)</p>	<p>12. FAR PART 5 - PUBLICIZING CONTRACT ACTIONS HAS THIS REQUIREMENT BEEN ADVERTISED?</p> <p><input type="checkbox"/> PRESOLICITATION NOTICE/PROCUREMENT</p> <p><input type="checkbox"/> MODIFICATION OF A PREVIOUSLY ANNOUNCED PROCUREMENT ACTION</p> <p><input type="checkbox"/> SOURCES SOUGHT (INCLUDES A-76 SERVICES AND ARCHITECT-ENGINEER CONTRACTS)</p> <p>13. PROPOSED ISSUING NUMBER OF SOLICITATIONS TO: (ACTUAL NUMBER)</p> <p>___ 8(A)</p> <p>___ HUBZONE</p> <p>___ SMALL DISADVANTAGED BUSINESS (SDB)</p> <p>___ WOMEN-OWNED SMALL BUSINESS (WOSB)</p> <p>___ SERVICE DISABLED VETERAN-OWNED SMALL BUSINESS (SDVOB)</p> <p>___ VETERAN-OWNED SMALL BUSINESS (VOSB)</p> <p>___ SMALL BUSINESS (SB)</p> <p>___ LARGE BUSINESS (LB)</p> <p>14. CONTRACT BUNDLING CHECKLIST (PLEASE COMPLETE ATTACHED FORM 2268A):</p> <p><input type="checkbox"/> YES - COMPLETE ATTACHED CHECKLIST AND APPROPRIATE DOCUMENTATION AND JUSTIFICATION</p> <p><input type="checkbox"/> NO</p>
---	---

PROCUREMENT HISTORY

15. HAS ITEM/SERVICE BEEN PREVIOUSLY AWARDED?	16. PERIOD OF PERFORMANCE	17. CONTRACT NUMBER	18. NAICS CODE AND SMALL BUSINESS SIZE STANDARDS
<input type="checkbox"/> YES (COMPLETE THE REST OF THE SECTION) <input type="checkbox"/> NO			

<p>19. NAME, ADDRESS AND BUSINESS TYPE OF CONTRACTOR(S). (IF MORE THAN ONE, PLEASE ATTACH ADDITIONAL INFORMATION)</p> <p><input type="checkbox"/> HUBZONE <input type="checkbox"/> 8(A) <input type="checkbox"/> SDB <input type="checkbox"/> WOSB</p> <p><input type="checkbox"/> SDVOB <input type="checkbox"/> VOSB <input type="checkbox"/> SB <input type="checkbox"/> LARGE</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	<p>20. TOTAL DOLLAR VALUE</p> <p>\$ _____</p> <p>21. METHOD OF PROCUREMENT:</p>	<p>22. NUMBER OF RESPONSES RECEIVED FROM MOST RECENT PROCUREMENT:</p> <p>___ 8(A)</p> <p>___ HUBZONE</p> <p>___ SMALL DISADVANTAGED BUSINESS</p> <p>___ WOMEN-OWNED</p> <p>___ SERVICE DISABLED VETERAN-OWNED</p> <p>___ VETERAN-OWNED</p> <p>___ SMALL BUSINESS</p> <p>___ LARGE BUSINESS</p>
---	---	--

23. SIGNATURE OF CONTRACTING OFFICIER	DATE:
24. SIGNATURE OF HEAD OF CONTRACTING ACTIVITY	DATE:
D. OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION OR SMALL BUSINESS ADMINISTRATION'S PROCUREMENT CENTER REPRESENTATIVE	
INFORMATIONAL SUBCONTRACTING GOALS	
17. PLEASE ENSURE THAT THE BELOW INFORMATION IS ALSO INSERTED IN THE SOLICITATION. IF AWARDED TO OTHER THAN A SMALL BUSINESS FOR OVER \$1,000,000 FOR CONSTRUCTION OR \$500,000 FOR ALL OTHER AND SUBCONTRACTING OPPORTUNITIES EXIST, THE INFORMATIONAL SUBCONTRACTING GOALS TO BE USED IN THE SOLICITATION ARE	
_____ % SMALL BUSINESS	_____ % SMALL DISADVANTAGED BUSINESS
_____ % WOMEN-OWNED SMALL BUSINESS	_____ % HUBZONE SMALL BUSINESS
	_____ % SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS
	_____ % VETERAN-OWNED SMALL BUSINESS
18. SIGNATURE OF SBA PCR OR VA OSDBU REPRESENTATIVE	19. DATE
	20. EXPIRATION DATE OF THIS 2268

VA FORM 90-2268
JANUARY 2004 (REVISED)

INSTRUCTIONS FOR USE: If procurement is over \$2,500 and under \$100,000 – No form required if a small business program is used. If small business program is not used, form must be completed and signed by the SBA Procurement Center Representative or Head of Contracting Activity. Field activities shall submit this form to the Office of Small and Disadvantaged business Utilization (OSDBU) if the procurement is estimated to exceed \$500,000. Central Office activities shall submit this form for all actions exceeding \$100,000 to the Office of Small and Disadvantaged Business Utilization.

PART I

- Item 1 Provide the name and location of the contracting activity. If a consolidated contracting activity, provide the name and location of the consolidated contracting activity.
- Item 2. Date of purchase request.
- Item 3. Estimated dollar value for this FY and total contract value.
- Item 4. Period of performance, to include all option years.
- Item 5. Provide a description of supplies and/or services.
- Item 6. Concurrence of activity Small Business Signature by signature.
- Item 7. Provide the solicitation number.
- Item 8. Anticipated date of release of solicitation.
- Item 9. Anticipated date of response/bid opening.
- Item 10. Enter applicable NAICS and small business size standard.
- Item 11. Check the applicable method(s) of procurement.
- Item 12. Check correct information regarding publicizing.
- Item 13. Enter proposed number of solicitations to be issued and to the appropriate business groups listed.
- Item 14. Check correct information regarding contract bundling checklist.
- Item 15. Check Yes or No regarding procurement history of supplies and/or services.
- Item 16. Enter period of performance for past procurement.
- Item 17. Enter contract number for past procurement.
- Item 18. Enter NAICS and small business size standard for past procurement.
- Item 19. Enter name, address and business type of contractor(s) for past procurement.
- Item 20. Enter total dollar value of past procurement.
- Item 21. Enter method of procurement used in past.
- Item 22. Enter number of responses, by business type, relative to most recent procurement.
- Item 23. Signature of Contracting Officer and date signed.
- Item 24. Signature of Head of Contracting Activity (HCA) and date signed.
- Item 25. Subcontracting goals, entered by OSDBU, or officially assigned PCR, and to be listed in the solicitation.
- Item 26. Signature of VA OSDBU representative or officially assigned PCR, date signed, and expiration date of 2268.

Contract Bundling Checklist

This checklist serves as a quick reference source for the members of the acquisition strategy team. Please include this checklist with the required documentation sent to OSDBU.

Answer Yes/No	CHECKLIST
	1. Does the requirement exceed \$1 million?
	2. Will this requirement result in a consolidated or bundled contract? See FAR 2.101
	3. If the requirement is bundled, did the team avoid unnecessary and unjustified bundling? See FAR 7.103(s)(2)
	4. Did the team document, in the plan of action, any potential impact on Small Business? See FAR 7.105(b)(1)
	5. Before issuing the solicitation, did the team conduct a benefit analysis? See FAR 7.107(e)
	6. If the requirement is bundled, are the benefits "Measurably Substantial?" See FAR 7.107(b)
	7. Are reductions in either administrative or personnel costs the basis for the benefit analysis? See FAR 7.107(d)
	8. If the benefit analysis did not meet the FAR criteria, is the procurement mission critical? See FAR 7.107(c)
	9. Has OSDBU or the PCR reviewed and concurred with the required VA form 2268?
	10. Was notice of intent synopsisized?
	11. Were comments received?
	12. Were alternatives considered and noted in the contracting officer's justification for bundling? See FAR 7.107(e)(6) and 7.107(f)