

Procurement & Property Division Policy Memorandum

Subject: Mentor Protege Program			Number: 19-06
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Background

The Department of Agriculture has developed a Mentor-Protege Program in response to the efforts of the White House Business and Entrepreneurial Roundtable on Community Empowerment which highlighted the economic potential of distressed urban and rural communities and encouraged business-to-business relationships where large businesses link with, advise, and partner with small businesses. This effort improves the ability of the small business to compete successfully for contracts: with USDA, other Federal agencies, and commercial firms. The Mentor-Protege Program encourages approved mentors to provide assistance to eligible participants including technical, management, or financial (equity/loans). Assistance also includes subcontracting and/or prime contracts with the government in the form of joint venture arrangements. The Mentor-Protege Program is intended to enhance the capabilities of the protege and improve its ability to successfully compete for contracts.

Policy Guidance

A Memorandum of Understanding (MOU) between the U.S. Small Business Administration (SBA) and the USDA established a mutuality of interest in furthering the business-to-business initiative through the Mentor-Protege Program. The initiative seeks to develop the protege-firm through technical and management assistance, prime contracting, and other SBA assistance. A copy of the MOU is enclosed.

This Policy Memorandum transmits the MOU which, initially, will extend only to 8(a) firms mentoring 8(a) firms (phase I), and will then later be extended to large/small prime contractors mentoring

to eligible small and women-owned businesses (Phase II). All parties are expected to benefit from the Program. The protege will gain strong business expertise, practical experience, and assistance from seasoned professionals. The Mentor will expand his sources of subcontracting, can earn extra credit or monetary incentive for subcontracting under FAR 19.12, and can compete as a joint venture under FAR 19.11 and 19.12. The agency will expand its sources of supply where 8(a) firms are identified for geographical areas where they have been difficult to find. The names, addresses, and telephone numbers of the proteges should be contained in the PRO-Net database.

Action Required

To the extent feasible, requirements in your Area/office should be reserved exclusively for the Mentor-Protege Program including commercial items, simplified acquisitions, and contracts (sealed bids and negotiated types). By matching requirements to the listing of SBA approved 8(a) Mentor-Protege Agreement participants on the enclosed list, Agricultural Research Service's participation in the Mentor-Protege Program (and the reservation of projects exclusively for mentor-protege firms) furthers the goals of the Procurement Outreach Plan. It reflects extra effort on our part to contract with firms who have been under represented in Federal contracts and can be reported as achievements under Procurement Outreach.

Only the mentor/protege relationships identified in the enclosed MOU are eligible for consideration in this Program. All transactions shall be conducted under the streamlined 8(a) procedures under the MOU between SBA and USDA dated May 6, 1998. A copy of the contract shall be provided to the SBA, Office of Small and Disadvantaged Business Utilization (OSDBU), and the REE OSDBU Coordinator. Other requirements for streamlined 8(a) acquisitions are addressed in AGAR Advisory 21 and 22.

PPD Point of Contact

Theresa Stephens, REE OSDBU Coordinator.
Policy Branch, 301-504-1725

Approved:

/s/

Richard G. Irwin, Director
Procurement and Property Division

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE U.S. SMALL BUSINESS ADMINISTRATION
AND
THE DEPARTMENT OF AGRICULTURE

I. BACKGROUND

At the first White House Business and Entrepreneurial roundtable on Community Empowerment in June 1998, the Clinton Administration called together business executives from across the country to highlight the untapped economic potential of distressed urban and rural communities. The Administration also announced its BusinessLINC initiative. BusinessLINC--Learning, Information, Networking and Collaboration encourages large businesses to link with and advise small businesses, particularly those in distressed areas. The initiative's broad goal is to encourage more private sector business-to-business relationships in order to accelerate the success of business ventures.

In response to the Administration's effort, the U.S. Department of Agriculture began the development of a Small business Mentor-Protege Program (MPP).

II. PURPOSE

The purposes of this Memorandum of Understanding (MOU) between the U.S. Small Business Administration (SBA) and the U.S. Department of Agriculture (USDA)(together the parties) are: to further the BusinessLINC initiative; to establish procedures for the parties to collaborate on Success *Partnerships* mentor-protege program; and to aid in developing 8(a) protege firms by improving their ability to compete successfully for USDA contracts, other government contracts, and commercial contracts.

III. SCOPE

This MOU will facilitate the award of contracts and purchase orders under the provisions of section 8(a) of the Small Business Act to participants approved by the SBA for its mentor-protege program.

This MOU encompasses competitive and noncompetitive acquisitions by USDA accepted by the SBA into the 8(a) program, including, but not limited to: (1) the Acquisition of Commercial Items (FAR Part 12); (2) awards under the Simplified Acquisition Procedures (FAR Part 13); (3) awards resulting from Sealed Bids (FAR Part 14); (4) Contracting by Negotiation

(FAR Part 15); and (5) Construction and Architect and Engineering services (FAR Part 36). This MOU promotes the streamlined 8(a) procedures outlined in a previous MOU (dated May 6, 1998).

IV. RESPONSIBILITIES

A. SBA will:

1. Post and maintain a current listing of SBA's approved 8(a) mentor-protege agreement participants on SBA's website, and if requested, provide a hard copy of the listing to USDA's Office of Small and Disadvantaged Business Utilization;
2. Maintain the same level of confidentiality for information made available under this MOU as is required of the parties under law, including but not limited to the Privacy Act, 5 U.S.C. 552a, the Trade Secrets Act, 18 U.S.C. 1905, and the Procurement Integrity Act. 41 U.S.C. 423;
3. Ensure that both the Mentor and Protege meet the eligibility requirements to participate in the program; and
4. Provide USDA's Office of Small and Disadvantaged Business Utilization with measurement data, as required in the annual business plan update. (13 CFR 124.520(f)).

B. USDA will:

1. Identify requirements that will be reserved exclusively for participants approved by SBA's mentor-protege program, after appropriate market research and advanced acquisition planning, including 8(a) procurements awarded under simplified acquisition procedures, 8(a) sole source procedures, and 8(a) competitive procedures;
2. Disseminate the listing of eligible firms from the pool of current 8(a) mentor-protege agreement participants as provided by SBA to all USDA procurement offices;
3. Provide the number of contracts and total dollar amounts awarded under this initiative to SBA; and
4. Determine the effectiveness of this MOU, by interpreting quantitative and qualitative data provided by the SBA in paragraph IV - 4 of this MOU. This will include an analysis of the quality of the technical capabilities of the protege firm and the number and dollar value of contract and subcontract awards to protege firms since their entry into the program.

V. TERM AND FUNDING

This MOU will take effect on the date of last signature and will remain in effect for a period of three years. The MOU may be extended for two years by written agreement of the parties.

This MOU shall not be used to obligate or commit funds or as the basis for the transfer of funds.

VI. AMENDMENT

This MOU may be amended at any time by written agreement of the SBA's AA/8(a)BD and USDA's Director, Office of Small and Disadvantaged Business Utilization.

VII. TERMINATION

Either the SBA's AA/8(a)BD or USDA's Director, Office of Small and Disadvantaged Business Utilization may terminate this MOU upon (30) days advance written notice to the other party.

VIII. ADMINISTRATION

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

Ms. Sharron Harris
Director, Office of Small and Disadvantaged
Business Utilization
U.S. Department of Agriculture
1400 Independence Avenue. SW, Rm. 1566S
Washington, DC 20250
202-720-7117

Ms. Della Ford
Acting Associate Administrator
8(a) Business Development
U.S. Small Business Administration
409 3rd Street. S.W. - 8th Floor
Washington, DC 20220
202-205-6412

IX. ACCEPTANCE

The signers of this MOU represent that they have the authority to make such commitments on behalf of their respective organizations.

The undersigned parties hereby accept the terms of this MOU:

_____ /s/ _____ 3/8/00
Paul W. Fiddick Date
Assistant Secretary
for Administration
U.S. Department of Agriculture

_____ /s/ _____ 3/23/00
James C. Ballentine Date
Associate Administrator
Office of Government Contracting
and Minority Enterprise Development
U.S. Small Business Administration

MENTOR PROTEGE AGREEMENTS 4/6/00

District Office	Mentor	Protege	Approved
1. Portland	Benge Construction	Veraz Construction	01/21/1999
2. Georgia	Omega Environ.	NTC Group	01/21/1999
3. San Antonio	H.B. Zachary Co.	AFCO Technologies	01/21/1999
4. Baltimore	System Eng. & Mgmt.	New Concept Inc.	01/21/1999
5. San Antonio	J.T. Construction	Amigo Building Corp.	01/21/1999
6. Nashville	Systems Resource	Info Tech Resource	08/03/1999
7. Washington	H.J. Ford Associates, Inc.	HMR Technology and Management Group, Inc.	02/24/1999
8. Georgia	Meridian Management Corp.	Urban Services Group	02/26/1999
9. Baltimore	McNeil Technologies, Inc.	Integrated Resources Technologies, Inc.	03/10/1999
10. Alabama	Triple P. Services	Paragon Systems, Inc.	04/13/1999
11. Washington	MTI Construction Co., Inc.	Forney Enterprises, Inc.	04/28/1999
12. Washington	Environmental Restoration Co.	Central Virginia Laboratories & Consultants	05/12/1999
13. Washington	Analytical Services & Mat. Inc.	Eagle Aeronatics, Inc.	05/11/1999
14. Alaska	Piquiniq	Khotol	05/24/1999
15. Washington	Metroplex	G. W. Peoples	06/01/1999
16. South Florida	Kohly Construction, Inc.	Michello	07/16/1999
17. South Florida	Land Engineering & Environ.	Southern Environmental Services, Inc.	08/03/1999
18. Washington	Tito Contractors	Ligon Electric, Inc.	07/07/1999
19. San Diego	White Glove Service Systems	Tried & True Corporate Cleaning	06/29/1999
20. Washington	L & E Associates, Inc.	Automated Resource Management Associates, Inc.	06/29/1999
21. Washington	C.F. Jordan Commercial, L.P.	Mapco, Inc.	08/23/1999
22. South Dakota	Data Dimensions Corp.	Mandaree Enterprise Corporation	09/22/1999
23. North Florida	MTI Construction Co., Inc.	Epoch Software Systems	08/19/1999
24. North Florida	MTI Construction Co., Inc.	General Precision Manufacturing Inc.	09/28/1999
25. Arizona	Teltara, Inc.	Integrated Technology Works, Inc.	09/28/1999
26. San Antonio	Main Building Maintenance	Treco Services	09/28/1999
27. San Antonio	Air Stream Heating & A/C Co.	P.O.M., Inc.	10/15/1999
28. South Florida	Data Industries, Inc.	Loumar Enterprises, Inc.	10/28/1999
29. West Virginia	Government Micro Res. Inc.	T3	10/22/1999
30. Colorado	Foothill Engrn. Consultants, Inc.	ATA Services, Inc.	09/28/1999
31. Alabama	Tec-Masters, Inc.	Systems Development Corporation	10/28/1999
32. Los Angeles	Ameriko, Inc.	Dan White's Maintenance Service	11/22/1999
33. Washington	Hensel Phelps Construction Co.	Turner Industries, Inc.	12/09/1999
34. Hawaii	Tri-J Industries, Inc.	Molina Engineering, LTD	12/10/1999
35. Georgia	C.J. Enterprises, Inc.	Olicer F. Cobb & Associates	01/27/2000
36. Santa Ana	CKY, Inc.	Kuo Environmental	01/27/2000
37. Sioux Falls	DSMI General Contractor	C.S. DuBois	01/27/2000
38. Chicago	Mota Construction	Alvarez, Inc.	
39. Hawaii	Landscape	Paradise Landscape Maintenance	
40. Hawaii	Fletcher Pacific Construction	Dawson Environmental Services, Inc.	

ASSISTANCE

CHAPTER 1--SMALL BUSINESS ADMINISTRATION

PART 124--8 (A) BUSINESS DEVELOPMENT/ SMALL DISADVANTAGED BUSINESS STATUS DETERMINATION

Subpart A--8 (a) Business Development

Sec. 124.520 Mentor/protege program.

(a) General. The mentor/protege program is designed to encourage approved mentors to provide various forms of assistance to eligible Participants. This assistance may include technical and/or management assistance; financial assistance in the form of equity investments and/or loans; subcontracts; and/or assistance in performing prime contracts with the Government in the form of joint-venture arrangements. The purpose of the mentor/protege relationship is to enhance the capabilities of the protege and to improve its ability to successfully compete for contracts.

(b) Mentors. Any concern that demonstrates a commitment and the ability to assist developing 8(a) Participants may act as a mentor and receive benefits as set forth in this section. This includes businesses that have graduated from the 8(a) BD program, firms that are in the transitional stage of program participation, other small businesses, and large businesses.

(1) in order to qualify as a mentor, a concern must demonstrate that it:

(i) Possesses favorable financial health, including profitability for at least the last two years;

(ii) Possesses good character; Does not appear on the federal list of debarred or suspended contractors; and

(iv) Can impart value to a protege firm due to lessons learned and practical experience gained because of the 8 (a) BD program, or through its general knowledge of government contracting.

(2) Generally, a mentor will have no more than one protege at a time. However, the AA/8(a)BD may authorize a concern to mentor more than one protege at a time where the concern can demonstrate that the additional mentor/protege relationship will not adversely affect the development of either protege firm (e.g., the second firm cannot be a competitor of the first firm).

(3) In order to demonstrate its favorable financial health, a firm seeking to be a mentor must submit its federal tax returns for the last **two years** to SBA for review.

(4) once approved, a mentor must annually certify that it continues to **possess good character and a favorable financial position.**

(c) Proteges. (1) In order to initially qualify as a protege firm, a Participant must:

(i) Be in the developmental stage of program participation;

(ii) Have never received an 8(a) contract; or

(ii) Have a size that is less than half the size standard corresponding to its primary SIC code.

(2) Only firms that are in good standing in the 8(a) BD program (e.g., firms that do not have termination or suspension proceedings against them, and are up to date with all reporting requirements) may qualify as a protege.

(3) A protege firm may have only one mentor at a time.

(d) Benefits.

(1) A mentor and protege may joint venture as a small business for any government procurement, Including procurements less than half the size standard corresponding to the assigned SIC code and 8(a) sole source contracts, provided both the mentor and the protege qualify as small for the

procurement and, for purposes of 8(a) sole source requirements, the protege has not reached the dollar limit set forth in Sec. 124.519.

(2) Notwithstanding the requirements set forth in Secs. 124.105 (g) and (h), in order to raise capital for the protege firm, the mentor may own an equity interest of up to 40% in the protege firm.

(3) Notwithstanding the mentor/protege relationship, a protege firm may qualify for other assistance as a small business, including SBA financial assistance.

(4) No determination of affiliation or control may be found between a protege firm and its mentor based on the mentor/protege agreement or any assistance provided pursuant to the agreement.

(e) Written agreement. (1) The mentor and protege firms must enter a written agreement setting forth an assessment of the protege's needs and describing the assistance the mentor commits to provide to address those needs (e.g., management and/or technical assistance, loans and/or equity investments, cooperation on joint venture projects, or subcontracts under prime contracts being performed by the mentor). The agreement must also provide that the mentor will provide such assistance to the protege firm for at least one year.

(2) The written agreement must be approved by the AA/8(a)BD. The agreement will not be approved if SBA determines that the assistance to be provided is not sufficient to promote any real developmental gains to the protege, or if SBA determines that the agreement is merely a vehicle to enable a non-8(a) participant to receive 8(a) contracts.

(3) The agreement must provide that either the protege or the mentor may terminate the agreement with 30 days advance notice to the other party to the mentor/protege relationship and to SBA.

(4) SBA will review the mentor/protege relationship annually to determine whether to approve its continuation for another year.

(5) SBA must approve all changes to a mentor/protege agreement in advance.

(f) Evaluating the mentor/protege relationship. (1) In its annual business plan update required by Sec. 124.403(a), the protege must report to SBA for the protege's preceding program year:

(i) All technical and/or management assistance provided by the mentor to the protege;

(ii) All loans to and/or equity investments made by the mentor in the protege;

(iii) All subcontracts awarded to the protege by the mentor, and the value of each subcontract;

(iv) All federal contracts awarded to the mentor/protege relationship as a joint venture (designating each as an 8(a), small business set aside, or unrestricted procurement), the value of each contract, and the percentage of the contract performed and the percentage of revenue accruing to each party to the joint venture; and

(v) A narrative describing the success such assistance has had in addressing the developmental needs of the protege and addressing any problems encountered.

(2) The protege must annually certify to SBA whether there has been any change in the terms of the agreement.

(3) SBA will review the protege's report on the mentor/protege relationship as part of its annual review of the firm's business plan pursuant to Sec. 124.403. SBA may decide not to approve continuation of the agreement if it finds that the mentor has not provided the assistance set forth in the mentor/protege agreement or that the assistance has not resulted in any material benefits or developmental gains to the protege.

Miscellaneous Reporting Requirements