

## AMS CHANGE REQUEST (CR) COVERSHEET

**Change Request Number:** 16-49A

**Date Received:** 6/23/16

**Title:** Small Business Guidance - Miscellaneous Changes

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**Guidance and Policy must be submitted with separate CR coversheets.**

Policy

**Or**

Procurement Guidance

Real Estate Guidance

Other Guidance

**Summary of Change:** (1) Addition of reference to AMS Guidance to Tiered Evaluation Guidance (2) Clarification of requirements for noncompetitive awards to SEDB 8(a)s over \$22M and increase in threshold from \$20M to \$22M, and (3) Update to AMS Procurement Related Thresholds and Review Requirements Chart

**Reason for Change:** Appropriate clarifications to guidance and updates to chart. Increase in threshold consistent with FAR.

**Development, Review, and Concurrence:** Contracts, Small Business and Acquisition Policy Division

**Target Audience:** Contracting personnel and program offices

**Briefing Planned:** No

**ASAG Responsibilities:** None

**Section / Text Location:** T3.6.1 and Procurement Related Thresholds and Review Requirements Chart

**The redline version must be a comparison with the current published FAST version.**

I confirm I used the latest published version to create this change / redline

**or**

This is new content

FAST Version 07/2016

CR 16-49A

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**Links:**

<http://fast.faa.gov/docs/procurementGuidance/guidanceT3.6.1.pdf>  
<http://fast.faa.gov/docs/AMStresholds.doc>

**Attachments:** Redline and final documents.

**Other Files:** N/A

**Redline(s):**

**Sections Revised: 3.6.1.A.3 – Prime Contracting with Small Business**  
**Added: 3.6.1.A.10 – Tiered Evaluations**

**Procurement Guidance - (~~4/2016~~ 7/2016)**

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- [T3.6.1 - Small Business Development Program](#) Revised 4/2009
    - [A Small Business Development](#) Revised 7/2005
      - [1 Procurement Team Responsibilities in Support of the Small Business Development Program](#) Revised 4/2016
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      - [3 Prime Contracting with Small Business](#) Revised ~~4/2016~~ 7/2016
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      - [10. Tiered Evaluations](#) Added 7/2016
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### **T3.6.1 - Small Business Development Program Revised 4/2009**

#### **A Small Business Development Revised 7/2005**

##### **1 Procurement Team Responsibilities in Support of the Small Business Development Program Revised 4/2016**

- 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 \$150,000 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. The \$150,000 threshold applies to Screening Information Requests (SIRs) issued on or after June 1, 2015. Use the Small Business Set-Aside Determination and Coordination Form to coordinate with the SBDPO and attach (as applicable) the statement of work, single source rational basis documentation, fully executed single source justification, market survey and market analysis to the form (see also AMS Policy on SDB 8(a) Set-Asides for use of this form). In addition, any requirements that had previously been procured through the Small Business/SDB/8(a) Program, but not currently proposed for reprocurement through the Small Business/SDB/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.

##### **2 The FAA Small Business Development Program Office (SBDO) and Liaison Representative Involvement Revised 4/2016**

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 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.

### **3 Prime Contracting with Small Business Revised 4/2016 7/2016**

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 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, small businesses owned and controlled by socially and economically disadvantaged individuals, and service-disabled veteran owned small businesses:

- (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 small disadvantaged businesses (SDBs) 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 for SBA's approval to make award to the selected small disadvantaged business (SDB).

(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. The CO must verify the self-certification at the Vendor Information pages, available on the Small Business Development Office website.

(8) There is no requirement to obtain the SBA's or Veteran Administration's approval to make award to the selected SDVOSB. However, unless the firm is designated as a SDVOSB on the VA website, the CO must not make an award to the firm as a SDVOSB.

(9) *Combined Set-Asides* Procurements may also be set-aside for competitive award among offerors that qualify in up to three (3) categories. The requirements of section (b) are applicable to such combined set-asides.

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

(a) there is no reasonable expectation of obtaining offers from two or more responsible SDB(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 SDB (8(a)) and SDVOSB Firms. A rational basis for the decision to award a noncompetitive SDB (8(a)) or SDVOSB procurement should be documented. Procurement decision makers should consider potential SDB (8(a)) or SDVOSB sources of supply contained in the Source Net, System for Award Management (SAM), and Vetbiz, [www.va.gov/osdbu](http://www.va.gov/osdbu), (market research) websites, available on the Small Business Development Office website. 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 3.2.1.3.11 are not applicable to noncompetitive awards to SDB (8(a)) or SDVOSB firms if the product being procured is not available from Federal Prison Industries.

There is no requirement to obtain the SBA's or Veteran Administration's approval to make award to the selected SDVOSB. However, unless the firm is designated as a SDVOSB on the VA website, the CO must not make an award to the firm as a SDVOSB.

d. Noncompetitive awards above \$~~2022~~ million to ~~SDB~~~~SEDB~~ 8(a) firms, ~~or a concern owned by an Indian Tribe or Alaska Native Corporation.~~ For such awards, the following additional requirements apply:

(1) The program official must prepare a written justification at a minimum documenting the rational basis for the award as follows:

(a) Description of the supplies/services being purchased;

(b) Determination that a noncompetitive contract is in the best interests of FAA;

(c) Determination that the anticipated cost of the contract will be fair and reasonable; and

(d) Applicable AMS references.

(2) The CO and program official must approve the justification, with concurrence by legal counsel (on the justification) and the Small Business Program Development Office (on the Small Business Set-Aside Determination and Coordination form) before negotiations on the contractor's proposal.

#### **4 Subcontracting with Small Business Revised 4/2016**

a. In procurements estimated to exceed \$700,000 (\$1,500,000 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). A template Master Subcontracting Plan to satisfy the applicable requirements of AMS clause 3.6.1-4, Small, Small Disadvantaged, Women-Owned and Service-Disabled Veteran-Owned Small Business Subcontracting Plan is located in the Procurement Toolbox under the Samples & Templates section. Subcontracting provisions are not required for; (1) commercial items; (2) when there are no subcontracting possibilities or (3) 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.

b. The following subcontracting considerations should be used in procurements that have subcontracting provisions as appropriate:

(1) Establishing 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.

(2) 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.

(3) The procurement team should notify the Small Business Development Program Group (SBDPG) or Small Business Liaison Representative 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. The CO is responsible for ensuring that the contractor attains all subcontracting goals. Subcontracting data (accomplishments) must be timely reported in the Electronic Subcontracting Reporting System (eSRS).

(4) 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 SBDPG or Small Business Liaison Representative.

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

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



- (7) Identify principal product and service areas to be subcontracted and identify 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.
- (8) Review business declarations of principal proposed small business and small disadvantaged business subcontractors, including the type of product or service and the dollar value 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.
- (9) Evaluate extent of complexity and variety of work to be performed by small businesses with greater weight on businesses performing substantive or high technology components or services. In this way, FAA can ensure that small businesses will receive technologically challenging or a meaningful portion of the overall contract.
- (10) Include monetary incentives for subcontracting 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.
- (11) Evaluate past performance related to the offeror's compliance with prior subcontracting proposals and subcontracting plans, with greater weight on subcontracting proposals received from offerors that have successfully attained or exceeded subcontracting goals in the past.
- (12) 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 may be displaced due to the bundling of smaller set-aside requirements into one larger contract.
- (13) Contractors should be required to flow down similar subcontracting requirements under the prime contract to all subcontractors (except small businesses).
- (14) 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 (15) If the offeror does not submit an offer incorporating the subcontracting requirements within the time allotted, the offeror should be ineligible for award.

## **5 Bonding Assistance and the DOT Lending Program Revised 4/2009**

a. Firms seeking bonding assistance may refer to the National Association of Bond Producers (NASP) website. Users may click the “Find a Producer” link found in the upper right corner of the website, where they then can select the state in which the firm is seeking to qualify for bonding.

b. 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."

## **6 Business Declaration Revised 4/2016**

a. To preserve the integrity and foster the objectives of the small business program, 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 must be included in the SIR, and completed by each offeror.

c. For unrestricted procurements, the successful offeror must complete and submit the Business Declaration Form to the CO.

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 must 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 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;

(2) A tool used internally by contracting personnel, Small Business Development Program Group (SBDPG) and Small Business Liaison Representatives 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; and

(3) A tool used to periodically conduct recertification of compliance with small business size standards on short-term contracts (not more than five years duration) in the event of a merger, acquisition, or novation and long-term contracts (more than five years duration). A contractor must rerepresent its size status according to the size standard in effect at the time of its rerepresentation that corresponds to the NAICS code that was initially assigned to the contract. The purpose of the rerepresentation is to improve the accuracy of small business size status reporting. If the contractor rerepresents that it is other than small, FAA may no longer include the value of options exercised or orders issued against the contract in its small business prime contracting goal achievements beginning October 1 of the fiscal year following the rerepresentation by amending the FDPS to reflect the new size status. It is the CO's discretion to exercise the option or terminate the contract taking into account the Government's need for continuity of operations, potential costs of disrupting operations, and the impact on small business. A contractor's change in size status as a result of a rerepresentation requirement will have no effect on subcontracting plan requirements that were imposed, or not imposed, at the time of contract award. The rerepresentation should have no effect on the terms and conditions of a contract and a contracting officer is not required to terminate the contract when, as a result of a protest, the concern is found to be other than small. Blanket purchase agreements (BPAs) are not contracts and the representation of size status for purposes of options on BPA Orders and multi-year BPA orders is required.

g. 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; or

(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.

## **7 Contract Bundling Revised 4/2016**

### **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 must document the measurably substantial benefits to the Government. Benefits must be equivalent to 10% if the total anticipated contract value is \$94 million or less; or 5% if the contract value exceeds \$94 million.

d. To ensure that prime contract opportunities are provided to small businesses, the following alternatives must 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 must 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 must notify the local Small Business Development Program Office (SBDPO) 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.

(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.

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

## **8 Mentor-Protégé Revised 4/2016**

### *a. Definitions.*

(1) **SMALL DISADVANTAGED BUSINESSES (SDB)**, 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.

(7) SMALL DISADVANTAGED BUSINESS (SDB) is a small business concern that is at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business that has at least 51 percent of its stock unconditionally owned by one or more socially and economically disadvantaged individuals and that has its management and daily business controlled by one or more such individuals.

(8) SMALL BUSINESS (SB) is a business, including its affiliates, that is independently owned and operated and not dominant in producing the products or performing the services being purchased, and one that qualifies as a small business under the Federal Government's criteria and North American Industry Classification System (NAICS) Code size standards.

*b. Purpose.*

(1) The FAA Mentor-Protégé Program is designed to motivate and encourage firms to assist Small Businesses (SB), preferably Small Disadvantaged Businesses (SDB), Small Disadvantaged Businesses (SDB), Service-Disabled Veteran-Owned Small Business (SDVSB), Historically Black Colleges and Universities (HBCU), and Minority Institutions (MI) and Women-Owned Businesses (WOB), enhancing their capabilities to perform FAA prime contracts and subcontracts, foster 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 Group (SBDPG) 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 must be provided) unless the contract contains a line item specifically for the Mentor-Protégé Program. A ceiling on allowable developmental costs must 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 SBDPG. The review should be completed no later than 30 days after receipt. The SBDPG should provide a copy of the submitted information to the cognizant FAA service team and Contracting Officer for a parallel review and concurrence.

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

(3) An approved agreement must be incorporated into the mentor or protégé firm's award (for example: a contract, blanket purchase agreement, purchase order, memorandum of agreement, memorandum of understanding, etc.). It should be added to the subcontracting plan in contracts which contain such a plan.

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

e. Additional Mentor-Protégé Program guidance is located on the Small Business Development Office website.

## **9 Joint Ventures Revised 4/2016**

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 Clauses 3.6.1-7, Limitations on Subcontracting and 3.6.1-12 Notice of Service-Disabled Veteran Owned Small Business Set-Aside, 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 or 3.6.1-12 as applicable.

*d. Small Disadvantaged Businesses (SDB(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) concern 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.

## **10. Tiered Evaluations Added 7/2016**

[Refer to AMS guidance on tiered evaluations at T3.2.2A.9 for more information.](#)

### **B Clauses Revised 10/2006**

[view contract clauses](#)

### **C Forms**

[view procurement forms](#)