

AMS/FAST CHANGE REQUEST (CR) COVERSHEET

Change Request Number: 21-54

Date Received: May 13, 2021

Title: Small Business Bundling Flowchart Appendix

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Policy and Guidance: (check all that apply)

- ☐ Policy
- ☒ Guidance
- ☐ Procurement Forms, Templates and Samples
- ☐ Real Property Templates and Samples
- ☐ Procurement Clauses
- ☐ Real Property Clauses
- ☐ Other FAST Tools and Resources

Summary of Change: (1) Added the small business bundling flowchart as an appendix to T3.6.1, and (2) Added requirements for Economically Disadvantaged Women-Owned Small Business (EDWOSB) set-asides throughout T3.6.1 consistent with other Policy, Guidance, and Clause changes.

Reason for Change: (1) To provide quick and efficient access to the flowchart and the bundling decision tree, and (2) To expand the FAA's acquisition strategy options as well as increase the FAA's ability to meet its socioeconomic small business goals.

Development, Review, and Concurrence: AAP-20, AAP-110, and AAP-100

Target Audience: Acquisition workforce and Program Offices

Briefing Planned: No.

ASAG Responsibilities: None.

Section / Text Location: T3.6.1

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

Links: <https://fast.faa.gov/docs/procurementGuidance/guidanceT3.6.1.pdf>

Attachments: Redline and final documents.

Other Files: N/A.

Redline(s):

Section Revised: T3.6.1 – Small Business Program

Procurement Guidance - (~~4/2021~~7/2021)

T3.6.1 - Small Business Program Revised 7/2020

A Small Business Program Revised 7/2020

1 Procurement Team Responsibilities in Support of the Small Business Program

Revised ~~4/2021~~7/2021

2 The FAA Small Business Program and Liaison Representative Involvement

Revised 1/2021

3 Prime Contracting with Small Business Revised ~~4/2021~~7/2021

4 Subcontracting with Small Business Revised 1/2021

5 Size Standard Verification Revised ~~4/2021~~7/2021

6 Contract Bundling Revised ~~4/2021~~7/2021

7 Mentor-Protégé Revised ~~4/2021~~7/2021

8 Joint Ventures Revised 1/2021

9 Tiered Evaluations Revised 1/2021

B Clauses Revised 10/2006

C Forms

D Appendix A – Small Business Bundling Decision Flowchart Added 7/2021

T3.6.1 - Small Business Program Revised 7/2020

A Small Business Program 7/2020

1 Procurement Team Responsibilities in Support of the Small Business Program Revised ~~4/2021~~7/2021

- a. Effective implementation of the FAA's small business 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 Program (AAP-20) liaison as it relates to small business issues. In doing so, the service teams must coordinate with representatives of the cognizant local AAP-20 staff as soon as requirements estimated to exceed \$250,000 are defined to receive assistance in identifying opportunities for small businesses. This requirement to coordinate does not apply to contract modifications or requirements having an anticipated dollar value exceeding \$10,000 but not over \$250,000 that are set-aside for Socially and Economically Disadvantaged Business (SEDB) 8(a), Service-Disabled Veteran-Owned Small Business (SDVOSB), Historically Underutilized Business Zone (HUBZone) small businesses, ~~and/or~~ Women-Owned Small Business (WOSB) firms, and/or Economically Disadvantaged Women-Owned Small Business (EDWOSB) firms or a small business if no SEDB 8(a), SDVOSB, HUBZone small businesses, WOSB, and/or ~~WOSBEDWOSB~~ firms that are competitive in terms of market prices, quality, and delivery can be identified. Use the Small Business Set-Aside Determination and Coordination Form to coordinate with AAP-20 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 SEDB 8(a) Set-Asides for use of this form). In addition, any requirements that had previously been procured through the Small Business/SEDB/8(a) Program, but not currently proposed for reprocurement through the Small Business/SEDB/8(a) program must be approved by the cognizant local AAP-20 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 AAP-20.

2 The FAA Small Business Program (AAP-20) and Liaison

FAST Version 7/2021

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Representative Involvement Revised 1/2021

The Small Business Program (AAP-20) maintains a direct working relationship with the procurement teams. When appropriate, AAP-20 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 annual representations and certifications and accompanying documentation using official records found on the System for Award Management (SAM) and VetBiz;
- k. Small Business Administration's Small Business websites will be utilized to support market Research;
- l. Reviews subcontracting plans;
- m. Ensures that small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals are entered into the AAP-20 database;
- n. Assists in the proposal evaluation process as a non-voting member of the evaluation team;

- o. 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;
- p. Participates in debriefings of unsuccessful small businesses to ensure fair and equitable treatment to all firms;
- q. 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
- r. Conducts on-site compliance reviews of contractors with subcontracting plans to ensure compliance with program requirements.

3 Prime Contracting with Small Business Revised ~~4/2021~~ 7/2021

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, small businesses owned and controlled by socially and economically disadvantaged individuals (8(a) Certified), service-disabled veteran owned small businesses, Historically Underutilized Business Zone (HUBZone) small businesses, and Women 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;

(3) Procurements may also be set-aside exclusively for competitive award among small socially and economically disadvantaged businesses (SEDBs) 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 SEDB;

(4) Industry should be notified of the applicable North American Industry Classification System (NAICS) code representing the predominant portion of the overall requirement in the public announcement to ensure small business size eligibility requirements are timely known;

(5) 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 complete the electronic annual representations and certifications via SAM at <https://www.sam.gov>. to self-certify its eligibility. The firm must also be verified by the Department of Veterans Affairs and appear in the Vendor Information Pages on the Veteran Affairs website;

(6) 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;

(7) Procurements may be set-aside exclusively for competitive award among HUBZone small businesses that are expressly certified by the Small Business Administration (SBA) for participation in the HUBZone program. Each firm claiming HUBZone status is required to complete the electronic annual representations and certifications via SAM at <https://www.sam.gov> to self-certify its eligibility. Certification can also be verified on the List of Qualified HUBZone Small Business Concerns at http://dsbs.sba.gov/dsbs/search/dsp_searchhubzone.cfm. There is no requirement for SBA's approval to make award to the selected HUBZone small business;

~~(8)~~ Procurements may be set-aside exclusively for competitive award among Women-Owned Small Business (WOSB) that are either certified by the SBA or by a third-party certifier approved by the SBA and are eligible under the WOSB Program. Program participants' WOSB certification must be on the firm's Dynamic Small Business Search (DSBS) profile. WOSB concerns are eligible under the WOSB Program when the acquisition is assigned a North American Industry Classification System (NAICS) code in which SBA has determined that WOSB concerns are underrepresented or substantially underrepresented in Federal procurement. These NAICS are listed by the SBA on their website (see <https://www.sba.gov/document/support--qualifying-naics-women-owned-small-business-federal-contracting-program>). There is no requirement for SBA's approval to make award to the selected WOSB;
and

~~(9)~~
(9) Procurements may be set-aside exclusively for competitive award among Economically Disadvantaged Women-Owned Small Business (EDWOSB) that are either certified by the SBA or by a third-party certifier approved by the SBA and are eligible under the WOSB Program. Program participants' EDWOSB certification must be on the firm's Dynamic Small Business Search (DSBS) profile. EDWOSB concerns are eligible under the WOSB Program when the acquisition is assigned a North American Industry Classification System (NAICS) code in which SBA has determined that EDWOSB or WOSB concerns are underrepresented or substantially underrepresented in Federal procurement. These NAICS are listed by the SBA on their website (see <https://www.sba.gov/document/support--qualifying-naics-women-owned-small-business-federal-contracting-program>). There is no requirement for SBA's approval to make award to the selected EDWOSB;
and

(10) There is no order of precedence among the SEDB 8(a) Program, HUBZone Program, SDVOSB Procurement Program, or the WOSB Program. Results of market research and progress in the achievement of the agency's socio-economic goals should be considered when determining which program to utilize. However, any requirements that had previously been procured through the Small Business/SEDB/8(a) Program, but not currently proposed for reprocurement through the Small Business/SEDB/8(a) program must be approved by the cognizant local AAP-20 staff.

~~(1011)~~ Combined Set-Asides Procurements may also be set-aside for competitive award among offerors that qualify as both SEDB 8(a) certified and SDVOSB. The requirements of section b are applicable to such combined set-asides.

~~(1112)~~ A procurement may not be set-aside if:

(a) there is no reasonable expectation of obtaining offers from two or more responsible SEDB(8(a)) concerns, small business concerns, service-disabled veteran owned small business concerns, HUBZone small business concerns, or WOSB concerns, or EDWOSB 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 or noncompetitively and the rational basis is documented; or

(c) extension of the current services.

c. Noncompetitive Awards to SEDB (8(a)), SDVOSB, HUBZone, WOSB, and ~~WOSB~~EDWOSB Firms (See AMS Policy Section 3.6.1.3 for applicable thresholds). In addition to meeting eligibility requirements described above, a rational basis for the decision to award a noncompetitive SEDB (8(a)), SDVOSB, HUBZone, ~~or~~ WOSB, or EDWOSB procurement should be documented. Procurement decision makers should consider potential SEDB (8(a)), SDVOSB, HUBZone, ~~or~~ WOSB, or EDWOSB sources of supply contained in the Dynamic Small Business Search (DSBS), System for Award Management (SAM), and VA Vendor Information Pages Vetbiz website available on the Small Business Program's (AAP-20) 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 SEDB (8(a)), SDVOSB, HUBZone, ~~or~~ WOSB, or EDWOSB 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 \$25 million to SEDB 8(a) firms: 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 AAP-20 (on the Small Business Set-Aside Determination and Coordination form) before negotiations on the contractor's proposal.

4 Subcontracting with Small Business Revised 1/2021

a. In procurements estimated to exceed \$750,000 (\$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, HUBZone small businesses, 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, Service-Disabled Veteran-Owned and HUBZone Small Business Subcontracting Plan is located in FAST under Procurement Templates & Samples. 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 Program (AAP-20) 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 AAP-20 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, HUBZone, 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, HUBZone, 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, HUBZone, women-owned and service- disabled veteran owned subcontractors.

(8) Review via SAM representations and certifications 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 Size Standards Verification Revised 4/2021~~7/2021~~

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, small business owned and controlled by a socially and economically disadvantaged individual (8(a) certified), service-disabled veteran-owned small business, HUBZone small business, economically disadvantaged women-owned small businesses, or women owned small business must be required to provide evidence of eligibility prior to award. Prospective contractors must complete electronic annual representations and certifications via SAM at <https://www.sam.gov> and as directed in Guidance subparagraph T3.6.1A3(b). 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.

For set-asides restricted to small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals (8(a) certified), service-disabled veteran owned small businesses, HUBZone small businesses, economically disadvantaged women-owned small businesses, and/or women owned small businesses, verification will be performed using SAM and VetBiz (as required). The contracting officer will reference the date of verification in the contract file. For agreements, the contractor retains eligible status for the term of the agreement. The contractor must recertify their business size prior to any extensions of the agreement including exercising an option period.

b. For unrestricted procurements, the successful offeror must complete electronic annual representations and certifications at SAM.

c. When subcontracting goals are established for small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals, HUBZone small businesses, small businesses owned and controlled by women, and service-disabled veteran owned small businesses, the prime contractor must verify a completed profile via SAM for such small businesses counted toward the successful offeror's subcontracting goals.

d. A successful small business program rests with FAA's ability to limit participation to bona fide small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals, HUBZone small businesses, small businesses owned and controlled by economically disadvantaged women, small businesses owned and controlled by women, and service-disabled veteran owned small businesses, for they are the intended recipients of the agency's procurement dollars earmarked for small business set-asides.

e. 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.

6 Contract Bundling Revised ~~1/2021~~7/2021

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, service-disabled veteran owned, HUBZone, economically disadvantaged women-owned 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;

(2) Breaking out discrete components, where practicable, to be set aside for small business; or

(3) 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 Program (AAP-20) 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 AAP-20 staff.

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.

i. See Appendix A – Small Business Bundling Decision Flowchart attached to AMS guidance T3.6.1 – Small Business Program, for a guide in the determination of bundling requirements.

7 Mentor-Protégé Revised 4/2024/2021

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)~~ ECONOMICALLY DISADVANTAGED WOMEN-OWNED SMALL BUSINESS (EDWOSB) has the same definition as “Economically Women-Owned Small Business concern” in Appendix C of AMS Policy

~~(5)~~ WOMEN-OWNED SMALL BUSINESS (WOSB) has the same definition as “Women-owned small business concern eligible under the women-owned small business program” in Appendix C of AMS Policy.

~~(56)~~ SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS (SDVOSB) is a small business concern that is 51% owned and controlled by a service-disabled veteran(s).

~~(67)~~ 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.

~~(78)~~ SOCIALLY AND ECONOMICALLY DISADVANTAGED BUSINESS (SEDB) 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.

~~(89)~~ 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 Socially and Economically Disadvantaged Businesses (SEDB), Small Disadvantaged Businesses (SDB), Service-Disabled Veteran-Owned Small Business (SDVOSB), Historically Black Colleges and Universities (HBCU), and Minority Institutions (MI), Economically Disadvantaged Women-Owned Small Businesses (EDWOSB) and Women-Owned Small Businesses (WOSB), 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 Program (AAP-20) 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 AAP-20. The review should be completed no later than 30 days after receipt. AAP-20 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 AAP-20. Upon finding deficiencies that FAA considers correctable, AAP-20 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 AAP-20 website.

8 Joint Ventures Revised 1/2021

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. FAA approved Mentor-Protégé Program joint ventures are acceptable and/or Small Business Administration 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. *Socially and Economically Disadvantaged Businesses (SEDB(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 NAICS 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 NAICS 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 NAICS 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.

9 Tiered Evaluations 1/2021

Refer to AMS guidance on tiered evaluations at T3.2.2.3B.7 for more information.

B Clauses Revised 10/2006

[view contract clauses](#)

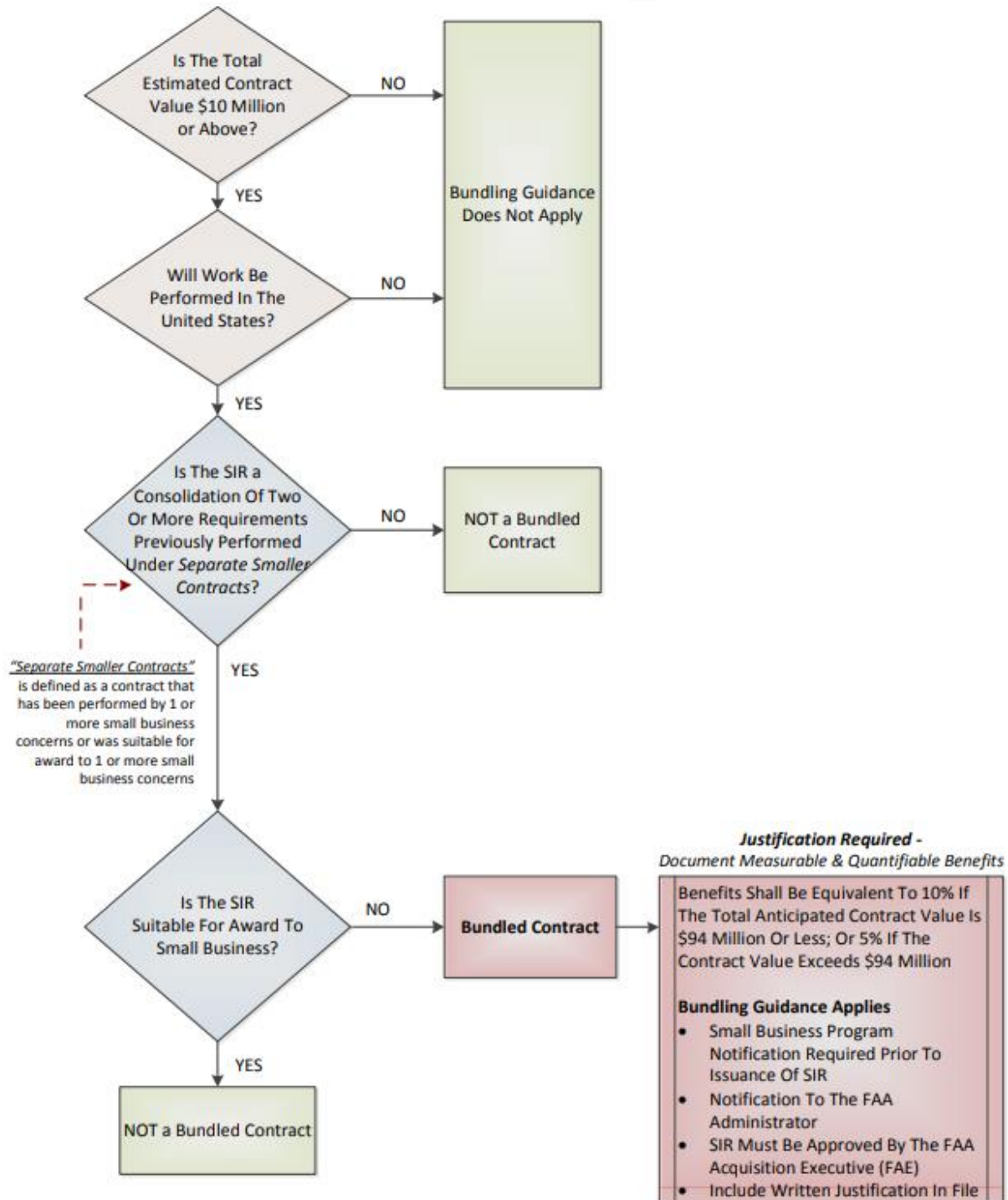
C Forms

[view procurement forms](#)

D Appendix A – Small Business Bundling Decision Flowchart Added 7/2021

DECISION FLOWCHART - BUNDLING

AMS Guidance T3.6.1 (7)



Revised 7/2020