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UNITED STATES DEPARTMENT OF COMMERCE
Chief Financial Officer
Assistant Secretary for Administration
Washington, D.C. 20230

PROCUREMENT MEMORANDUM 2006-05

MEMORANDUM FOR HEADS OF CONTRACTING OFFICES

FROM: Michael S. Sade
Director for Acquisition Management
And Procurement Executive

SUBJECT: Small Business Consideration for Purchases of Supplies and Services Against Federal Supply Schedule Contracts

1. Purpose. This Policy Memorandum provides guidance on limiting consideration to small business concerns for orders or blanket purchase agreements (BPA) placed against Federal Supply Schedule contracts to help achieve the Department's small business goals.

2. Background. The Department is committed to helping small businesses grow and succeed through federal contracting. The Department is also committed to assisting ordering activities achieve or exceed small business goals. The Federal Supply Schedule (FSS) Program, also known as the Multiple Award Schedule Program, provides agencies with a simplified acquisition tool to purchase commercial supplies and services. In order to provide ordering activities with the ability to create opportunities for small businesses when using the FSS Program, this guidance provides a tool whereby ordering activities may restrict consideration for requesting quotes to small businesses or consider the schedule contractor's socio-economic status as a primary evaluation factor.

3. Effective Date. Date of this Policy Memorandum.

4. Applicability. This Policy Memorandum applies to all U.S. Department of Commerce contracting activities placing orders and BPAs against FSS contracts.

5. Reference regulation and policy. Federal Acquisition Regulation Subpart 8.4, Federal Supply Schedules; Procurement Memorandum 2003-04, Guidance on Contract Bundling and the Revised CD-570 Small Business Set-Aside Review.

6. Policy.

a) When the order or BPA is estimated to exceed the micro purchase threshold, ordering activities seeking to use the FSS Program shall submit a CD-570, Small Business Set-Aside Review, including the rationale for including other than small business concerns in the competition. The ordering activity may consider restricting the acquisition to HUBZone, small disadvantaged, veteran-owned, service-disabled veteran-owned, and women-owned small businesses. The ordering activity must identify which socio-economic goal the order or BPA will help achieve and document the contract file.

b) If an ordering activity is unable to identify at least three small business schedule contractors through the GSA Advantaged! on-line shopping service or by reviewing the catalogs or pricelists of schedule contractors, then the ordering activity must make socio-economic status a primary evaluation factor when making a best value determination.

c) Whenever price is the determining factor, ordering activities should give preference to the items of small business concerns when two or more items at the same delivered price will satisfy the requirement.

d) Whenever a Request for Quote (RFQ) is issued it shall include notification that one of the primary evaluation factors is achieving the Department's socio-economic goals and a preference for the items of small business concerns when two or more items at the same delivered price will satisfy the requirement. (Socio-economic language is necessary in the event a large business schedule contractor requests a copy of the RFQ).

e) Whenever the estimated value of the order or BPA is expected to exceed $500,000 ($1,000,000 for construction) and has subcontracting possibilities, the contracting officer shall require the apparently successful large business schedule contractor to submit an acceptable subcontracting plan.

f) Whenever contemplating the use of the FSS Program and the estimated cost of the order or BPA is expected to exceed $100,000 and/or the order meets the definition of "bundled contract," the contracting officer must submit a Small Business Set-Aside Review (CD-570) to the small business specialist. (Reference PM 2003-04).