OFFICE OF THE UNDER SECRETARY OF DEFENSE

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ACQUISITION AND
TECHNOLOGY

AUGUST 13, 2001

DP/CPA

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT), ASA(ALT)
DEPUTY FOR ACQUISITION AND BUSINESS
MANAGEMENT, ASN(RD&A)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC

Subject: Reinstatement of Small Business Set-asides and Unrestricted Competition Under the Small Business Competitiveness Demonstration Program

Reference: (a) DDP memorandum dated December 11, 1998

The Office of Federal Procurement Policy and the Small Business Administration issued a final policy directive and implementation plan on June 2, 1999, for the Small Business Competitiveness Demonstration Program. The program is further implemented in FAR 19.10 and DFARS subpart 219.10.

Under the program, small business set-asides were initially suspended for certain Designated Industry Groups (DIGs). Participating Agencies are required by paragraph III.D.2.a. and IV.A.3. of the final policy directive and implementation plan to reinstate the use of small business set-asides whenever the small business awards under any DIG (to include Major Groups or Subsectors within Construction and East and West Coast Non-nuclear Ship Repair) fall below 40 percent or whenever small business awards under certain individual codes within the Construction and Architectural & Engineering Services DIGs fall below 35 percent. Reinstatement is to be limited to the organizational components within the agency that failed to meet the small business participation goals. Agencies are required by paragraph III.D.2.b. and IV.A.3. of the final policy directive and implementation plan to reinstate the use of unrestricted competition upon determining, after an annual review, that their contract awards to small business concerns again meet the required goals. Accordingly, reference (a) is superceded to reflect the results of small business participation in the DoD procurement data during Fiscal Year 2000.

The DoD procurement data system indicates that for the 12 months ending September 2000, our small business awards under SIC Code 3731, FSC J999, for Non-nuclear Ship Repair on the West Coast fell below the 40 percent goal. Effective October 1, 2000, the North American Industry Classification System (NAICS) was substituted for SIC Codes. Accordingly, pursuant to DFARS 219.1007(b)(1), I direct the reinstatement of small business set-aside procedures, in accordance with subpart 19.5 of the FAR, for all solicitations issued on or after the date of this letter, or as soon thereafter as practicable, for:

Non-nuclear Ship Repair, NAICS Code 336611, FSC J999 - All Navy Activities

The Department-wide reinstatement of small business set-aside procedures for the Architectural & Engineering Services DIG remains in effect. Also, the emerging small business reserve amount of $50,000 for Architectural & Engineering Services remains in effect.

The DoD data system indicates that for the 12 months ending September 2000, our awards in the Construction DIG, SIC Major Groups 16 and 17 accomplished the 40 percent goal for participation of small business concerns. (SIC Major Groups 16 and 17 are now referred to as NAICS Subsector 234 and 235, respectively.) DoD also exceeded the required 35 percent goal in all subcategories of SIC Code 17 (NAICS Subsector 235), including SIC Code 1791 (NAICS Code 23591) in FY 2000. Accordingly, I direct the reinstatement of unrestricted competition for all solicitations issued on or after the date of this letter, or as soon thereafter as practicable, for:

Construction, NAICS Subsector 234 - All Army and Navy Activities
Construction, NAICS Code 23591 - All Navy Activities

To summarize, this results in unrestricted competition in Department wide procurements for Construction NAICS Subsector 233 (SIC Major Group 15), NAICS Subsector 234 (SIC MG 16), NAICS Subsector 235 (SIC MG 17), Refuse Systems and Related Services, and for East Coast FSC J998 in the Non-nuclear Ship Repair, NAICS 336611 (SIC 3731). Unrestricted competition is also in effect for the Army and Air Force for West Coast FSC J999 in the Non-nuclear Ship Repair, NAICS 336611 (SIC 3731).

Please ensure that all appropriate contracting personnel are notified of the changes to the Small Business Competitiveness Demonstration Program, and that timely implementation is effected. The POCs are Tim Foreman, SADBU, (703)588-8611, and Teresa Brooks, DP/CPA, (703)695-8567.

Deidre A. Lee
Director, Defense Procurement

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