Federal Acquisition Regulation

19.1306 HUBZone sole source awards.
(a) A contracting officer shall consider a contract award to a HUBZone small business concern on a sole source basis (see 6.302-5(b)(5)) before considering a small business set-aside (see 19.203 and subpart 19.5), provided none of the exclusions at 19.1304 apply; and—
(1) The contracting officer does not have a reasonable expectation that offers would be received from two or more HUBZone small business concerns;
(2) The anticipated price of the contract, including options, will not exceed—
   (i) $6.5 million for a requirement within the North American Industry Classification System (NAICS) codes for manufacturing; or
   (ii) $4 million for a requirement within all other NAICS codes;
(3) The requirement is not currently being performed by an 8(a) participant under the provisions of subpart 19.8 or has been accepted as a requirement by SBA under subpart 19.8.
(4) The acquisition is greater than the simplified acquisition threshold (see part 13);
(5) The HUBZone small business concern has been determined to be a responsible contractor with respect to performance; and
(6) Award can be made at a fair and reasonable price.
(b) The SBA has the right to appeal the contracting officer’s decision not to make a HUBZone sole source award.

19.1307 Price evaluation preference for HUBZone small business concerns.
(a) The price evaluation preference for HUBZone small business concerns shall be used in acquisitions conducted using full and open competition. The preference shall not be used—
(1) Where price is not a selection factor so that a price evaluation preference would not be considered (e.g., Architect/Engineer acquisitions); or
(2) Where all fair and reasonable offers are accepted (e.g., the award of multiple award schedule contracts).
(b) The contracting officer shall give offers from HUBZone small business concerns a price evaluation preference by adding a factor of 10 percent to all offers, except—
(1) Offers from HUBZone small business concerns that have not waived the evaluation preference; or
(2) Otherwise successful offers from small business concerns.
(c) The factor of 10 percent shall be applied on a line item basis or to any group of items on which award may be made. Other evaluation factors, such as transportation costs or rent-free use of Government property, shall be added to the offer to establish the base offer before adding the factor of 10 percent.
(d) A concern that is both a HUBZone small business concern and a small disadvantaged business concern shall receive the benefit of both the HUBZone small business price evaluation preference and the small disadvantaged business price evaluation adjustment (see subpart 19.11). Each applicable preference and adjustment shall be calculated independently against an offeror’s base offer. These individual preference and adjustment amounts shall both be added to the base offer to arrive at the total evaluated price for that offer.
(e) When the two highest rated offerors are a HUBZone small business concern and a large business, and the evaluated offer of the HUBZone small business concern is equal to the evaluated offer of the large business after considering the price evaluation preference, the contracting officer shall award the contract to the HUBZone small business concern.

19.1308 Performance of work requirements (limitations on subcontracting) for general construction or construction by specialty trade contractors.
(a) Before issuing a solicitation for general construction or construction
by special trade contractors, the contracting officer shall determine if at least two HUBZone small business concerns can spend at least 50 percent of the cost of contract performance to be incurred for personnel on their own employees or subcontract employees of other HUBZone small business concerns.

(b) The clause at 52.219–3, Notice of Hubzone Set-Aside or Sole Source Award, or 52.219–4, Notice of Price Evaluation Preference for HUBZone Small Business Concerns, shall be used, as applicable, with its Alternate I to waive the 50 percent requirement (see 19.1309) if at least two HUBZone small business concerns cannot meet the conditions of paragraph (a); but, the HUBZone prime contractor can still meet the following—

(1) For general construction, at least 15 percent of the cost of the contract performance to be incurred for personnel using the concern’s employees; or

(2) For construction by special trade contractors, at least 25 percent of the cost of contract performance to be incurred for personnel using the concern’s employees.

(c) See 13 CFR 125.6 for definitions of terms used in paragraph (a) of this section.


Subpart 19.14—Service-Disabled Veteran-Owned Small Business Procurement Program

SOURCE: 69 FR 25278, May 5, 2004, unless otherwise noted.

19.1401 General.

(a) The Veterans Benefit Act of 2003 (15 U.S.C. 657f) created the procurement program for small business concerns owned and controlled by service-disabled veterans (commonly referred to as the “Service-Disabled Veteran-owned Small Business (SDVOSB) Procurement Program”).

(b) The purpose of the Service-Disabled Veteran-Owned Small Business Program is to provide Federal contracting assistance to service-disabled veteran-owned small business concerns.

19.1402 Applicability.

The procedures in this subpart apply to all Federal agencies that employ one or more contracting officers.

19.1403 Status as a service-disabled veteran-owned small business concern.

(a) Status as a service-disabled veteran-owned small business concern is determined in accordance with 13 CFR parts 125.8 through 125.13; also see 19.307.