

Quick Guide to **HUBZONE** Sole Source Acquisition



You've undoubtedly heard of HUBZone contracts and know that your agency has a goal to award a percentage of its contracts to HUBZone certified businesses. But do you know how it works and how easy it is to use? K.L. Scott & Associates would like to offer some information about the HUBZone certification and how to make your acquisitions easier and more streamlined by sole sourcing to HUBZone companies.

Types of HUBZone Contracts

As the contracting officer, you will be responsible for determining what type of HUBZone contracting opportunity to conduct.

- A **competitive** HUBZone set-aside contract can be awarded if the contracting officer has a reasonable expectation that at least two responsible HUBZone small businesses will submit offers and that the resulting contract can be awarded at a fair market price.
- A **sole source** HUBZone contract can be awarded if the contracting officer does not have a reasonable expectation that two or more qualified HUBZone small businesses will submit offers, determines that the qualified HUBZone small business is responsible, and determines that the contract can be awarded at a fair price. The government estimate cannot exceed \$7.5 million for manufacturing requirements or \$4 million for all other requirements.
- A **full and open competition** contract can be awarded with a price evaluation preference. The offer of the HUBZone small business will be considered lower than the offer of a non-HUBZone/non-small business-providing that the offer of the HUBZone small business is not more than 10 percent higher.

What are the benefits of sole sourcing a HUBZone contract?

- By sole sourcing to a certified HUBZone organization, Program Managers and Contracting Officers save a substantial amount of time, work, and cost during the procurement cycle simply because HUBZone contracts can be acquired non-competitively when the value of the contract does not exceed \$4 million (applicable to services).
- For sole source HUBZone contracts, synopsis in FedBizOpps is not required.
- Every federal agency has percentage goals for HUBZone contracts to meet each year. Sole sourcing a HUBZone contract will help meet your agency's goals.
- Once you do your first HUBZone sole sourced contract, you will see how easy and convenient it is and will be able to repeat the process for new opportunities, saving time and energy and significantly shortening the procurement cycle.

Why can't I just issue a small business set-aside or a full and open solicitation? Then, if a HUBZone SBC is the successful offeror, my agency can still take the HUBZone credit.

Both SBA's regulations and the FAR require that for acquisitions exceeding the Simplified Acquisition Threshold, the contracting officer must first consider a set-aside or sole source award (if the sole source award is permitted by statute or regulation) under the 8(a) BD, HUBZone, SDVO SBC or WOSB programs before setting aside the requirement as a small business set-aside (see 13 C.F.R. §§ 124.503(j), 125.2(f), 125.19(b), 126.607(b), 127.503(d); FAR 19.502-2(b)). There is no order of precedence among the 8(a) BD, HUBZone, SDVO SBC or WOSB programs. The contracting officer must document the contract file with the rationale used to support the specific set-aside, including the type and extent of market research conducted. In addition, the contracting officer must document the contract file showing that the apparent successful offeror's certifications in the System for Award Management (SAM) (or successor system) and associated representations were reviewed.

SBA believes that progress in fulfilling the various small business goals, as well as other factors such as the results of market research, programmatic needs specific to the procuring agency, anticipated award price, and the acquisition history, should be considered in making a decision as to which program to use for the acquisition. Although agencies can take HUBZone small business credit if a HUBZone small business is awarded a contract using a general small business set-aside or full and open competition, this strategy significantly reduces an agency's chance to meet the statutory 3% HUBZone goal.

How does the HUBZone sole sourcing process work?

Specific steps and internal procedures may vary from agency to agency, but the basic process for sole sourcing is described below:

1. The procurement need is identified as a set-aside for HUBZone and is established to be under \$4 million for total contract award.
2. A HUBZone firm capable of performing the work is identified.
3. The Program Manager or Contracting Officer coordinate on the DD Form 2579 (Small Business Coordination Record) and issue an offering letter to the Small Business Administration (SBA) district office that handles the selected HUBZone firm.
4. The SBA office reviews the offering letter and accepts (or declines, if the firm is deemed unable to perform the requirements) within five business days. - **FAR 19.1305 (d)(1)**
5. Upon acceptance by the SBA office, the Contracting Officer can issue the solicitation to the HUBZone firm. – **FAR 19.1306**

About Sole Sourcing to K.L. Scott & Associates LLC.

K.L. Scott & Associates is an information technology and management consulting firm that specializes in **business process improvement, strategic planning, independent verification & validation, organizational change management, information management, administrative support, project/program management and professional training and development.** We operate in primary NAICS codes

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We are a certified SBA HUBZone Small Business. Please call us for more information.

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