441 G St. N.W. Washington, DC 20548 Comptroller General of the United States

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Decision

Matter of: GOV Services, Inc.

File: B-414374

Date: May 11, 2017

Milton C. Johns, Esq., and Richard C. Gross, Esq., Fluet Huber and Hoang, PLLC, for the protester.

Amy L. O'Sullivan, Esq., Olivia L. Lynch, Esq., and Laura J. Mitchell Baker, Esq., Crowell & Moring LLP, for Akima Support Operations, the intervenor. Anson Obayuwana, Esq., and Erin V. Podolny, Esq., Department of Health and Human Services; Laura M. Foster, Esq., Small Business Administration, for the agencies. Elizabeth Witwer, Esq., and Jennifer D. Westfall-McGrail, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest alleging that the agency failed to comply with the Small Business Administration's (SBA) regulations when awarding a sole-source contract to an Alaska Native Corporation is denied whether the record reflects that the contract constitutes a "new requirement" under the SBA's regulations and is distinct from a requirement previously submitted to the SBA for competition within the SBA's section 8(a) program.

DECISION

GOV Services, Inc., a small business of Falls Church, Virginia, protests the decision of the Department of Health and Human Services, National Institutes of Health (NIH), to award sole-source contract No. HHSN263201700012I for janitorial services to Akima Support Operations (ASO), an Alaska Native Corporation (ANC), of Anchorage, Alaska, under the Small Business Administration's (SBA) section 8(a) program. The protester asserts that the award of the contract on a sole-source basis is improper because it violates the SBA's regulations.

We deny the protest.

BACKGROUND

This protest is the sixth challenge to a series of actions taken by NIH related to the award of contracts for janitorial services at the NIH's campus in Bethesda, Maryland. Two contracts are relevant here: (1) the contract that is the subject of this protest, the sole-source contract awarded to ASO in February 2017 pursuant to the SBA's section 8(a) program, referred to by the agency as the "bridge" contract; and (2) a sole-source contract awarded to ASO in November 2016 pursuant to Federal Acquisition Regulation (FAR) § 6.203-2, referred to by the agency as the "48P" sole-source contract. Memorandum of Law (MOL) (B-414226), Jan. 23, 2017, at 2, 4. The NIH awarded the sole-source bridge contract to afford it additional time to complete corrective action taken in response to earlier protests filed by GOV Services and another firm, East West, Inc., which is not a party to this protest. The 48P sole-source contract was the subject of a prior protest, B-414226. Hence, we provide a brief summary of that protest.

On December 16, 2016, the NIH announced that it had awarded a short-term, "emergency" sole-source contract to ASO pursuant to FAR § 6.203-2. During a subsequent conference call with our Office, the agency clarified that the sole-source contract was awarded under purchase order No. HHSN263201700048P. As noted above, the NIH referred to this award as the 48P sole-source contract.

On December 20, GOV Services filed a protest with our Office challenging the 48P sole-source award, which we docketed as B-414226. Protest (B-414226), Dec. 20, 2015, at 2; Amend. Protest (B-414226), Dec. 23, 2016. On January 23, 2017, the NIH submitted its agency report responding to GOV Services' protest.

In the agency report, the NIH argued that the decision to award the 48P sole-source contract to ASO was proper because the incumbent contractor had allegedly "walked off the job" and ASO was "the only responsible source that can provide this service within the immediate time frame." MOL (B-414226) at 2-3, 4; Combined Contracting Officer's Statement and Justification of Other than Full and Open Competition (COS/JOFOC) (B-414226), Jan. 25, 2017, at 6 (citing FAR § 6.203-2 and 41 U.S.C. § 253(c)(1)). In its agency report, the NIH also argued that, in the alternative, the protest should be dismissed as academic "because a 6-month bridge contract to [the] SBA is being

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¹ A seventh challenge, a request for reimbursement of protest costs, is currently pending before our Office and is docketed as B-414226.2.

² For clarity in discussing the contracts at issue in this dispute, we adopt the agency's nomenclature. The term "bridge contract," as we use it in this decision, refers to a short-term contract awarded on a sole-source basis to a contractor to avoid a lapse in service caused by a delay in awarding a follow-on contract.

finalized with work set to begin on February 2, 2017." MOL (B-414226) at 4. Accordingly, the agency contended that cessation of the work under the challenged purchase order was "imminent" and, thus, rendered the protest "moot." Id.

On February 2, GOV Services submitted its comments on the agency report and filed a supplemental protest. Comments & Supp. Protest (B-414226), Feb. 2, 2017. Relevant here, in its supplemental protest, GOV Services challenged the sole-source bridge contract referenced by the agency in its request for dismissal. <u>Id.</u> at 5 (<u>citing MOL (B-414226)</u> at 4). With respect to this contract, GOV Services argued that NIH had failed to solicit proposals for this requirement and that the protester had not been given an opportunity to compete for the work. <u>Id.</u>

On February 8, our Office requested that the NIH clarify the status of the sole-source bridge contract. That same day, the NIH represented that the agency was in the "final stages" of awarding the contract but that "no work ha[d] begun[.]" NIH Email, Feb. 8, 2017.

On February 10, the NIH informed our Office of its intent to take corrective action. NIH Notice of Corrective Action (B-414226), Feb. 10, 2017. In its notice, the agency explained that the 48P sole-source contract to ASO, which was awarded pursuant to FAR § 6.302, would "expire" on February 15.⁴ Id. The NIH planned to award the sole-source bridge contract to ASO on February 16 under the SBA's section 8(a) program. Id. at 2.

On February 14, GOV Services objected to the agency's proposed corrective action. Among other things, GOV Services elaborated upon its challenge to the agency's intent to award another sole-source contract to ASO and argued that the agency's proposed corrective action did not address its supplemental protest in this respect. Objection to Corrective Action (B-414226), Feb. 14, 2017, at 1-2.

On February 15, our Office docketed GOV Services' challenge to the agency's award of the sole-source bridge contract to ASO as B-414374.⁵ On February 21, we

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³ The record reflects that, at the time the agency made this representation to our Office, it had not yet submitted an offer letter to the SBA. NIH Offer Letter, Feb. 1, 2017.

⁴ During a conference call with our Office on February 16, the agency confirmed that the contract had indeed expired on February 15.

⁵ Because GOV Service's supplemental protest challenged a different purchase order, which was issued by the NIH under a different legal basis, our Office considered the supplemental protest to be a distinct and new protest.

dismissed as academic GOV Services' protest of the 48P sole-source award. GOV Services, Inc., B-414226, Feb. 21, 2017 (unpublished decision).

With respect to the sole-source bridge contract, the record reflects that, on February 1, the agency offered a requirement for a 6-month janitorial services contract with two 3-month options to the SBA for a sole-source contract to ASO under the SBA's section 8(a) program. NIH Offer Letter, Feb. 1, 2017, at 1. The offer letter valued the requirement, including options, at \$10.9 million, and described it as a "new requirement." Id. at 1, 2. The NIH indicated that the purpose of the award was to ensure "continuation of services while a solicitation for a competitive follow-on" procurement is prepared. Id. at 2.

On February 13, the SBA's Seattle District Office accepted the requirement for award of a sole-source contract to ASO. SBA Acceptance Letter, Feb. 13, 2017. The district office agreed that the sole-source contract to ASO constituted a "new requirement." <u>Id.</u> at 1.

On February 16, the NIH awarded contract No. HHSN263201700012I to ASO. As noted above, after receiving notice that the NIH intended to award the contract to ASO, GOV Services challenged the subject contract on February 2 and 14. See Comments & Supp. Protest (B-414226) at 5; Objection to Corrective Action (B-414226) at 1-2. Among other things, GOV Services argued that the NIH's award of the sole-source contract was prohibited by the SBA's regulations because the requirement was submitted previously to the SBA in March 2016 for competition within the section 8(a) program. See e.g., Objection to Corrective Action (B-414226) at 2 (citing 13 C.F.R. § 124.506(b)).

On February 24, the agency submitted a request for dismissal contending that the sole-source contract to ASO constituted a "new requirement" under the SBA's regulations. NIH Req. For Dismissal, Feb. 24, 2017, at 2 (citing 13 C.F.R. § 124.504(c)(1)(ii)(C)).

DISCUSSION

GOV Services argues that the agency's decision to award the bridge contract to ASO on a sole-source basis was improper and that, instead, the agency must conduct the procurement as a competition among eligible 8(a) program participants. In this respect, GOV Services contends that the agency's award violates the SBA's regulations, specifically 13 C.F.R. §§ 124.504(b), 124.506(b). The crux of GOV Services' protest is that, because the NIH allegedly offered the requirement to the SBA for competition within the SBA's section 8(a) program, it cannot subsequently remove the requirement from competition and award the requirement on a sole-source basis to an Alaska Native

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⁶ On March 2, GOV Services filed a request for reimbursement of protest costs in connection with B-414226. As noted above, the request is pending before our Office.

Corporation. <u>See e.g.</u>, Opp'n to Req. For Dismissal (B-414374), Mar. 1, 2017, at 1, 2. Although our decision does not specifically discuss all aspects of the protester's arguments, we have fully considered them and conclude that none furnishes a basis upon which to sustain the protest.

Section 8(a) of the Small Business Act authorizes the SBA to contract with other government agencies and to arrange for the performance of those contracts via subcontracts awarded to socially and economically disadvantaged small businesses. 15 U.S.C. § 637(a). The Act affords the SBA and contracting agencies broad discretion in selecting procurements for the section 8(a) program; our Office will not consider a protest challenging a decision to procure under the section 8(a) program absent a showing of possible bad faith on the part of government officials or that regulations may have been violated. 4 C.F.R. § 21.5(b)(3); B&D Consulting, Inc., B-413310 et al., Sept. 30, 2016, 2016 CPD ¶ 280 at 4. Here, as noted above, GOV Services alleges that the NIH's decision to award a contract to ASO on a sole-source basis violates the SBA's regulations. Accordingly, we have the authority to review GOV Services' challenge.⁷

Alleged Violation of 13 C.F.R. § 124.506(b)

GOV Services first argues that the award to ASO violates 13 C.F.R. § 124.506(b), which provides in relevant part:

- (b) Exemption from competitive thresholds for Participants owned by Indian Tribes, ANCs and [Native Hawaiian Organizations (NHOs)].
- (1) A Participant concern owned and controlled by an Indian Tribe or an ANC may be awarded a sole source 8(a) contract where the anticipated value of the procurement exceeds the applicable competitive threshold if SBA has not accepted the requirement into the 8(a) [business development] program as a competitive procurement.

* * *

(3) There is no requirement that a procurement must be competed whenever possible before it can be accepted on a sole source basis for a

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⁷ For this reason, we decline to dismiss GOV Services' protest as requested by the agency. Rather, because the protest turns upon a question of fact, <u>i.e.</u>, whether the sole-source contract awarded to ASO is the same requirement previously offered to the SBA for competition within the section 8(a) program, the protest is appropriate for resolution on the merits. <u>See MCB Lighting & Elec.</u>, B-406703, July 13, 2012, 2012 CPD ¶ 206 (denying a protest alleging that the agency failed to comply with the SBA's regulations in offering a requirement to the SBA as a sole-source award under the section 8(a) program). <u>See also NANA Servs.</u>, <u>LLC</u>, B-297177.3, B-297177.4, Jan. 3, 2006, 2006 CPD ¶ 4.

Tribally-owned or ANC-owned concern, or a concern owned by an NHO for [Department of Defense] contracts, but a procurement may not be removed from competition to award it to a Tribally-owned, ANC-owned or NHO-owned concern on a sole source basis.

* * *

(5) An agency may not award an 8(a) sole source contract for an amount exceeding \$22,000,000 unless the contracting officer justifies the use of a sole source contract in writing and has obtained the necessary approval under the Federal Acquisition Regulation.

13 C.F.R. § 124.506(b).

GOV Services contends that the requirement here was submitted previously to the SBA for competition within the section 8(a) program and, therefore, subsection 124.506(b) precludes the NIH from awarding the contract to ASO on a sole-source basis. Objection to Corrective Action (B-414226) at 2-3; Opp'n to Req. For Dismiss (B-414374) at 1. As support for its contention, GOV Services points to an offer letter dated March 22, 2016, from the NIH to the SBA for similar janitorial services. Objection to Corrective Action (B-414226) at 2; Opp'n to Req. For Dismiss (B-414374) at 2.

The record reflects that, on March 22, 2016, the agency offered a requirement for a 1-year janitorial services contract with a 1-year option to the SBA's Washington, D.C. District Office for competition in the section 8(a) program. NIH Offer Letter, Mar. 22, 2016, at 1. In the offer letter, the NIH valued the requirement at \$10 million. Id. GOV Services contends that the requirement offered to the SBA in March 2016 and the sole-source contract offered to the SBA in February 2017 are the same requirement. Opp'n to Req. For Dismiss (B-414374) at 2. The NIH disagrees, arguing that the sole-source contract constitutes a "new requirement" pursuant to 13 C.F.R. § 124.504(c)(1)(ii)(C). NIH Req. For Dismissal at 2; NIH Response to SBA, Apr. 19, 2017, at 1.

At our Office's invitation, the SBA provided its views on this protest. As a general matter, we accord great weight to the SBA's interpretations of regulations it promulgates, such as those regarding the section 8(a) program. <u>Agency Mgmt.</u> <u>Concepts, Inc.</u>, B-411206, B-411206.2, Apr. 21, 2015, 2015 CPD ¶ 133 at 4. With

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⁸ Initially, GOV Services also contended that the agency may have violated 13 C.F.R. § 124.506(b)(5). Objection to Corrective Action (B-414226) at 2. At the time GOV Services raised this contention, it did not have any information indicating the estimated value of the award to ASO. <u>Id.</u> GOV Services subsequently withdrew this ground after receipt of the purchase order showing that the award did not exceed the regulatory threshold. Opp'n to Req. For Dismiss (B-414374), at 1. Thus, we do not further address this ground.

regard to the provision at issue here, the SBA takes the position that "the terms of 13 C.F.R. § 124.506(b) are intended to limit SBA's acceptance where the current solicitation at issue was previously offered to and accepted by SBA as a competitive 8(a) requirement." SBA Comments, Apr. 14, 2017, at 4. According to the SBA, the "relevant inquiry is whether the specific requirement was previously offered to and accepted by the SBA as a competitive 8(a) procurement." Id. The SBA explains that, "[i]f so, [the] solicitation cannot be converted to a sole source award." Id.

In reviewing the requirement here, the SBA explains that, "[g]enerally, a bridge contract does not encompass the total requirement that was previously fulfilled through the 8(a) [business development] program." Id. The SBA explains that, for this reason, "SBA would usually consider a bridge contract to be a new requirement." Id. In determining whether a requirement constitutes a new requirement, the SBA states that it employs the analysis set forth in 13 C.F.R. § 124.504(c)(1)(ii)(C), SBA Comments at 4 n. 2, which provides as follows:

The expansion or modification of an existing requirement will be considered a new requirement where the magnitude of change is significant enough to cause a price adjustment of at least 25 percent (adjusted for inflation) or to require significant additional or different types of capabilities or work.

13 C.F.R. § 124.504(c)(1)(ii)(C). Thus, per the SBA, the test is straightforward: "If the price of the bridge contract is at least 25 percent less than the price of the underlying full requirement, the bridge contract would constitute a new requirement." SBA Comments at 4. Furthermore, "any previous acquisition history for the same services with a larger scope would be irrelevant to the analysis of whether" an agency could properly sole source a bridge contract to an Alaska Native Corporation. ¹¹ Id.

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⁹ The SBA explains that "[a] bridge contract is, by its terms, a stop-gap measure to continue the performance of critical services" and "[i]ts duration is always shorter than that of the underlying full requirement." SBA Comments at 4.

¹⁰ The parties do not contend that the sole-source contract requires significant additional or different types of capabilities or work when compared to the requirement offered to the SBA in March 2016.

GOV Services objects to the SBA's reliance upon the analysis set forth in 13 C.F.R. § 124.504(c)(1)(ii)(C), which it claims is only applicable in the context of an adverse impact determination. Protester's Final Comments, Apr. 28, 2017, at 2-3. The protester fails, however, to identify any alternative analysis or definition within the SBA's regulations. See id.; Opp'n to Req. For Dismissal (B-414374) at 3. Although subsection 124.504(c)(1)(ii)(C) addresses an agency's decision to move an existing requirement from another small business program to the 8(a) program, as distinguished from the decision here to move a requirement between two parts of the 8(a) program, our Office has applied the analysis in subsection 124.504(c)(1)(ii)(C) in the context presented (continued...)

We find the SBA's interpretation of its regulations to be reasonable. In this regard, we find that the SBA's section 8(a) program regulations are reasonably interpreted to permit the award of a sole-source contract to an Alaska Native Corporation provided that a competition among section 8(a) participants has not been initiated for the same requirement. See Agency Mgmt. Concepts, Inc., supra, at 5-6. Thus, the central question posed by the protest is whether the requirement offered to the SBA in March 2016 for competition in the section 8(a) program is the same as the requirement offered to the SBA in February 2017 for award of a section 8(a) sole-source contract to ASO. For the reasons below, we conclude that the requirements are not the same, and therefore, find no merit to the protester's challenge.

The record reflects that the sole-source contract awarded to ASO has a significantly shorter period of performance. The sole-source contract consists of a 6-month base period and two 3-month options compared to the requirement offered to the SBA in March 2016, which contemplated a 1-year base period and a 1-year option. Compare NIH Offer Letter, Feb. 1, 2017, at 1 with NIH Offer Letter, Mar. 22, 2016, at 1. See also NIH Reg. For Dismissal, Attach. 2, Sole-Source Contract. More importantly, however, the value of the sole-source contract awarded to ASO is more than 25 percent less than the estimated value of the requirement offered to the SBA in March 2016.

At first glance, the record does not appear to support this conclusion because the offer letters themselves do not evidence a 25 percent difference. In the offer letters, the NIH estimated the value of the sole-source contract awarded to ASO to be \$10.921.838 and the value of the requirement offered to the SBA in March 2016 to be \$10 million. Compare NIH Offer Letter, Feb. 1, 2017, at 1 with NIH Offer Letter, Mar. 22, 2016, at 1. During the pendency of the protest, however, the agency explained that the March 2016 offer letter contained a flaw in the estimated value of the requirement. 12 NIH Response to SBA at 2. The NIH erroneously included the value of the base year only and neglected to include the value of the option year. <u>Id.</u> Had the option year been included, the NIH represents that the total value of the contract would have been \$20,001,713--almost double the amount of the sole-source contract awarded to ASO. 13 ld.

(...continued)

here, JXM, Inc., B-402643, June 25, 2010, 2010 CPD ¶ 158 at 4-5, as well as other contexts apart from an adverse impact determination. See e.g., eAlliant, LLC, B-407332.4, B-407332.7, Dec. 23, 2014, 2015 CPD ¶ 58 at 8-9 (applying the analysis in subsection 124.504(c)(1)(ii)(C) to determine whether an agency improperly removed a requirement from the section 8(a) program). GOV Services offers no reason for us to depart from our precedent.

(continued...)

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¹² The NIH represents that, for this reason, it asked the SBA to cancel the March 2016 offer letter, which the SBA's district office agreed to do. NIH Response to SBA at 2. See NIH Email to SBA, Jan. 10, 2017; SBA Email to NIH, Jan. 10, 2017.

¹³ For support, the agency submitted its independent government cost estimate (IGCE) for the requirement offered to the SBA in March 2016. NIH Response to SBA,

In response, GOV Services argues that the agency cannot "simply choose to include or exclude options years" in order to avoid the regulatory requirements. GOV Services' Final Comments, Apr. 28, 2017, at 1. GOV Services suggests, instead, that the "annual value" of the requirements is the proper basis for comparison. Id. When the annual value is compared, GOV Services notes that both requirements have "annual value of between \$10 [million] and \$11 [million]." Id. We find the protester's argument to be unavailing.

The record does not demonstrate that the NIH arbitrarily included or excluded option years in order to avoid the requirements of the SBA's regulations. Rather, we find the NIH's revised calculations to reflect an attempt to provide a reasonable basis for comparison. If the option periods of both requirements are included in the estimated value of the requirement, the estimated value of the sole-source contract is more than 25 percent less than the requirement offered to the SBA in March 2016. If the option periods are excluded, the result is the same. In this respect, the NIH provides an "apples to apples" comparison of the two requirements.

Although the protester argues that the "annual value" of the two requirements should be compared, GOV Services' Final Comments at 1, we fail to see how this would provide a reasonable basis for comparison. A comparison of the annual value of the two requirements would result in the inclusion of the option periods in the sole-source contract awarded to ASO and the exclusion of the option period in the requirement offered to the SBA in March 2016. Accordingly, a comparison on the basis suggested by the protester would not result in an "apples to apples" comparison.

(...continued)

Attach. 2, IGCE. The IGCE supports the NIH's contention that the cost of the janitorial services work is approximately \$10 million per year. <u>Id.</u> Moreover, where there has been no significant change in the scope of the services to be provided, it is entirely logical that the estimated value of a requirement for two years of services (<u>i.e.</u>, the requirement offered to the SBA in March 2016) would be roughly twice as much as the estimated value of a requirement for one year of services (<u>i.e.</u>, the sole-source contract awarded to ASO).

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The estimated value of the sole-source contract is \$10,921,838. NIH Offer Letter, Feb. 1, 2017, at 1; NIH Req. For Dismissal, Attach. 2, Sole-Source Contract, at 2. The estimated value of the requirement submitted to the SBA in March 2016 is \$20,001,713. NIH Response to SBA, Attach. 2, IGCE.

The estimated value of the 6-month base period of the sole-source contract is \$5,362,158. NIH Offer Letter, Feb. 1, 2017, at 1; NIH Req. For Dismissal, Attach. 2, Sole-Source Contract, at 2. The estimated value of the 1-year base period of the requirement submitted to the SBA in March 2016 is \$10,000,856. NIH Response to SBA, Attach. 2, IGCE; NIH Offer Letter, March 22, 2016, at 1.

The SBA offered its conclusion on the central question presented in this protest, <u>i.e.</u>, whether the sole-source contract to ASO represents a "new requirement." Based solely on the offer letters, the SBA initially indicated that its regulations prohibit the NIH's award of the sole-source contract to ASO. SBA Comments at 5. In this respect, the SBA stated that "[b]ased on the information available to the SBA on April 14, 2017, it appeared that the requirement offered to and accepted by SBA in March 2016 was the same requirement as the sole source bridge contract at issue." SBA Revised Comments, Apr. 26, 2017, at 1.¹⁶

After the NIH clarified on April 19 that the March 2016 offer letter contained an error, the SBA amended its comments to provide as follows:

Information submitted by NIH in the agency's April 19, 2017 response indicates that the value of the March 2016 competitive requirement was in fact \$20,001,713.62. Accordingly, it appears that the sole source bridge contract as issue constitutes a new requirement. As such, NIH does not appear to have violated SBA's regulations in offering the subject requirement as a sole source on behalf of a specific ANC-owned concern.

SBA Revised Comments at 1. We think the SBA's interpretation of its applicable regulations and its revised conclusion that the sole-source contract to ASO is a "new requirement" is reasonable. In this regard, the SBA's interpretation is consistent with the above-quoted relevant provisions of its regulations providing that a requirement will be considered "new" if the value of the work changes by at least 25 percent. See 13 C.F.R. § 124.504(c)(1)(ii)(C).

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¹⁶ Although the protester raised the relevancy of the March 2016 offer letter as early as February 14, 2017, see Objection to Corrective Action at 2, the agency did not produce the offer letter with its request for dismissal. Moreover, despite its obvious relevance to the protest, the agency also did not produce the February 2017 offer letter with its request for dismissal. Furthermore, despite arguing in its request for dismissal that the sole-source contract represented a new requirement because the estimated value of the contract was more than 25 percent less than NIH's prior requirement, NIH Req. For Dismissal at 2 n.2, the NIH did not inform the parties of the flaw in the March 2016 offer letter until after the SBA concluded that the award of the sole-source contract was impermissible. Although we have no reason to doubt the NIH's representation that the March 2016 offer letter contained an error and, indeed, as we explain above, the representation is eminently logical from a mathematical standpoint, the NIH's piecemeal production of relevant documents and its delayed clarification of those documents led to confusion among the parties regarding the operative facts and delayed resolution of the protest. Although the NIH styled its initial filing as a request for dismissal and not as an agency report, this does not relieve an agency of its obligation to produce all documents relevant to its request for dismissal.

Alleged Violation of 13 C.F.R. § 124.504(b)

Finally, the protester also argues that the agency violated 13 C.F.R. § 124.504(b), which GOV Services contends "clearly prohibits" the sole-source contract awarded here. Objection to Corrective Action (B-414226) at 2. <u>See also</u> Opp'n to Req. for Dismissal (B-414374) at 1. This provision provides in relevant part:

SBA will not accept a procurement for award as an 8(a) contract if the circumstances identified in paragraphs (a) through (d) of this section exist.

* * *

- (b) Competition prior to offer and acceptance. The procuring activity competed a requirement among Participants prior to offering the requirement to SBA and receiving SBA's formal acceptance of the requirement.
- (1) Any competition conducted without first obtaining SBA's formal acceptance of the procurement for the 8(a) [business development] program will not be considered an 8(a) competitive requirement.
- (2) SBA may accept the requirement for the 8(a) [business development] program as a competitive 8(a) requirement, but only if the procuring activity agrees to resolicit the requirement using appropriate competitive 8(a) procedures.

13 C.F.R. § 124.504(b).

The protester offers no evidence to support the proposition that the agency held a competition among small business concerns for this requirement prior to offering the requirement to the SBA. To the contrary, the protester alleges that "[t]his procurement has not been announced, proposals for this contract action have not been solicited by the Agency, and GOV Services has not been given a chance to compete for that work." Comments & Supp. Protest (B-414226) at 5. Accordingly, we find no merit to the protester's contention that the award of the sole-source contract here violates this provision of the SBA's regulations.

The protest is denied.

Susan A. Poling General Counsel

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