



888 17th St. NW, 11th Flr.
Washington, DC 20006
Tel: 202.857.1000
Fax 202.857.0200

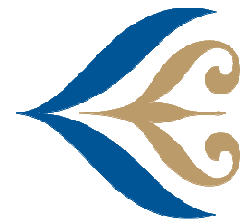
***Contracting: Knowing How to Play the Game
--Key Components of Federal Contracting
for Tribes***

Economics Development Resources Tribal Forum

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***Presented by
Antonio R. Franco***
afranco@pilieromazza.com





FEDERAL GOVERNMENT AS A CUSTOMER



On the premise that it is both appropriate and necessary to use the Federal government's massive procurement activity to help jump-start reservation economies, Congress has given Tribes and Alaska Native Corporations unique rights in the Federal procurement process and incentives to capitalize on these special rights



TRIBAL SPECIAL RIGHTS & INCENTIVES



- **Small Business Administration Programs**
 - ❖ **8(a) Program**
 - ❖ **HUBZone Program**
- **Indian Incentive Payment Programs**
- **Mentor-Protégé Programs**



SBA 8(A) PROGRAM



- **Tribal-owned 8(a) firms are eligible to receive sole source Federal government contracts of an unlimited \$\$\$ value, compared to limits of \$3 million for sole source professional services and \$5 million for sole source manufacturing contracts to non-Tribal 8(a) firms.**
- **Tribes are granted an exception to the standard SBA “rules of affiliation,” allowing Tribal-owned 8(a) firms to be owned by a Tribal entity.**



SBA 8(A) PROGRAM (cont'd)



- **Tribes can own and operate as many 8(a) certified firms as they wish so long as these firms are in different lines of business.**
- **Federal departments and agencies have mandated goals for 8(a) contracts.**
- **Incentives are established for major prime contractors to include 8(a) contractors on teams formed to compete for large Federal procurements.**



HUBZone PROGRAM



- **The HUBZone Empowerment Contracting Program is a “place-based” Federal contracting program.**
- **The HUBZone Program provides benefits to “historically underutilized business zones.”**
- **Most Tribal entities qualify for the HUBZone Program.**
- **Benefits include:**
 - **Competitive contracts set-aside for HUBZone firms only.**
 - **Sole-source contracts when there is only one HUBZone qualified firm to provide certain products or services.**
 - **10% price evaluation adjustment in full and open competitive procurements.**
 - **Incentives for large prime contractors to include HUBZone certified firms on contractor teams.**



HUBZone PROGRAM (cont'd)



- **Government HUBZone contracting goals.**
 - **Apply to most Federal departments and agencies.**
 - **Goal of 3%.**
 - **SBA allows Federal departments and agencies to earn credit for both 8(a) and HUBZone goals if contracts are executed with a firm that is both 8(a) and HUBZone certified.**



DoD INDIAN INCENTIVE PAYMENT PROGRAM



- **DoD prime contractors are eligible to earn an incentive payment of 5% of the amount subcontracted to an American Indian-owned firm.**
- **These funds are appropriated by Congress and do not come from program funds.**
- **Major DoD prime contractors are eager to identify capable American Indian-owned firms and include them on DoD contractor teams.**



MENTOR-PROTÉGÉ PROGRAMS OVERVIEW



- **Opportunity to establish ongoing working relationship with large firms.**
- **Joint venture and subcontracting opportunities.**
- **Advantages for mentor firms.**
- **SBA and many other agencies have Mentor-Protégé programs.**



TYPICAL GENERAL RULES



- **Mentor may have more than one protégé; protégés may not have more than one mentor.**
- **Intended to expand the agency's pool of small business contractors and subcontractors.**
- **Broad exclusion from affiliation and the ostensible subcontractor rule.**



SBA 8(a) MENTOR-PROTÉGÉ PROGRAM



- **8(a) protégés may joint venture with their mentors, regardless of the size of the mentor.**
- **Financial, Technical, Contractual and Management Assistance.**
- **SBA requiring mentors to provide benchmark and timetables for assistance and results.**



OTHER MENTOR-PROTEGE PROGRAMS



- **Agency programs are generally similar, but several have unique eligibility criteria and rules.**
 - **Department of Defense (and each branch),**
 - **Department of Homeland Security,**
 - **Department of Energy,**
 - **Department of Treasury,**
 - **U.S. Agency for International Development,**
 - **And more...**



DoD MENTOR-PROTÉGÉ PROGRAM



- **Provides funding to Mentor firms to support the development and establishment of Small Disadvantaged Business (SDB) Protégé firms.**
- **Funding of up to \$2 million for a 3-year period is provided to support:**
 - **Protégé infrastructure development.**
 - **Technology transfer from the Mentor to the Protégé.**
 - **Technical assistance.**
 - **Marketing and business development.**
 - **Subcontract opportunities.**



DoD MENTOR-PROTÉGÉ PROGRAM



- **All military services are eager to fund Mentor-Protégé relationships involving American Indian firms.**
- **There is special emphasis on Mentor-Protégé relationships that provide for the development of American Indian firms capable of supporting DoD requirements for information technology, environmental, design, engineering, prototyping, fabrication, manufacturing, assembly, and electronics systems support.**



EXPLOITING THESE SPECIAL RIGHTS & INCENTIVES



- **Form a Tribal-owned firm.**
- **Have the firm certified as a:**
 - **Small Disadvantaged Business (SDB)**
 - **8(a) Firm**
 - **HUBZone Firm**
- **Enter into a Mentor-Protégé relationship.**
- **Leverage all sources of Federal and State funding to help start the firm, construct and equip facilities, train employees, attain quality standards, and develop new business.**



EXPLOITING THESE SPECIAL RIGHTS & INCENTIVES



- **Invest the additional capital needed to allow this new firm to become established and grow ... and provide the line of credit needed to perform large Federal government contracts.**
- **Recruit the executive leadership needed to oversee operations, business development, and expansion.**
- **Leverage Tribal Federal and State political contacts to gain a competitive advantage.**



GETTING UNDERWAY



- **Determine whether formation of a Tribal-owned firm to provide products or services to the Federal government is congruent with Tribal leadership objectives.**
- **Confer with legal representation about forming a Tribal-owned firm.**
- **Enact the Tribal legislation needed to empower officials to explore this possibility further.**