MEMORANDUM FOR: REGIONAL COMMISSIONERS, PBS
REGIONAL LEASING DIRECTORS
REGIONAL LEASING ACQUISITION OFFICERS

FROM: JAMES C. WISNER
ASSISTANT COMMISSIONER
OFFICE OF LEASING - PR

SUBJECT: LEASING ALERT (LA-FY17-09) - Lease Requirements for Small Business Subcontracting Plans and Required Reports

1. Purpose. This Leasing Alert issues leasing policy for when Small Business Subcontracting Plans and associated reports are required by GSAM 570.701 and as defined by FAR 19.702. The plan and reports as outlined in this guidance are required to be included in the lease file, and will be subject to review.

This guidance references the memorandum entitled "Elimination of FPDS-NG Reporting Requirement for Contract Actions Impacting Leasing" dated August 20, 2012, and sets policy for Small Business Subcontracting compliance for the Leasing community.

2. Background.

a. FAR Subpart 19.7- The Small Business Subcontracting Program.

The Subcontracting Program is comprised of activities to ensure small businesses receive a fair and equitable opportunity to participate in requirements awarded by Federal agencies, including subcontracts resulting from award of prime contracts. When total contract value, including options, exceeds size thresholds, and the prime contractor is other than a small business, a Small Business Subcontracting Plan must be put in place in accordance with FAR 19.702.

Small business size standards are government-wide and are determined based upon the North American Industry Classification System Codes (NAICS) with thresholds for the number of employees or annual revenue sales. For lease acquisitions, the NAICS code is 531120, unless the real property is self-storage (531130), land (531130), or...
residential (531110). The current size standard for a small business under NAICS code 531120 is $38.5M in annual average gross revenue of the concern for the last 3 fiscal years, or is less than 500 employees. Offerors will certify this information as part of the online Representations and Certifications to be completed during the System for Award Management (SAM) registration process.

b. When is a Small Business Subcontracting Plan Required?

A Small Business Subcontracting Plan is required when:

1) the offeror is other than a small business (as defined by the NAICS code size standard), and

2) total contract value, including options, will exceed $700,000\(^1\) or when a lease modification\(^2\) will change the value of the lease to exceed the $700,000 threshold.

The submitted plan must be reviewed and go through the current Small Business Subcontracting Plan approval process outlined under Attachment 1 prior to lease award. Failure to submit an acceptable plan will make the lessor ineligible for award as outlined in the General Clause “FAR 52.219-9, Small Business Subcontracting Plan.” At award, the subcontracting plan is incorporated into, and becomes a material part of, the lease. Note that the subcontracting plan remains in effect should the building ownership change, even when the new ownership is a small business. In instances where the lessor’s size status changes from small to other than small as a result of a size representation, the LCO may require a small business subcontracting plan, as outlined under FAR 19.301-2.

c. Required Reports

After award, when a Small Business Subcontracting Plan is incorporated into the lease, lessors are required by the terms of the lease to submit periodic reports so that the Government can determine the extent of compliance by the offeror with the

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\(^1\) Current threshold under FAR 19.702; subject to change

\(^2\) Per FAR 19.702(b)(4), subcontracting plans are not required for modifications that are within the scope of the contract and the contract does not contain the clause at 52.219-8, Utilization of Small Business Concerns.
subcontracting plan as outlined in FAR 52.219-9. These reports are the Standard Form 294 Subcontracting Report for Individual Contracts (ISR) and the Summary Subcontract Report (SSR). The ISR is a semi-annual report which collects subcontracting award data from the lessor for an individual lease. It is due by April 30, encompassing the reporting period October 1 – March 31, and by October 30, for the reporting period April 1 – September 30, for each year the lease is active. The SSR collects subcontracting award data for all contracts that a lessor has been awarded, and is due by October 30.

Reports are required when due, regardless of whether there has been any subcontracting activity.

d. Change in Reporting Method

Previously, all reporting was submitted by the lessor through the Electronic Subcontracting Reporting System (eSRS), but with the removal of lease contracts from the Federal Procurement Data System (FPDS), it was no longer possible for lessors to submit their ISR via eSRS. The Lessor must now manually submit their ISR to the Lease Contracting Officer, or their designated representative, via Standard Form 294. The SSR is still submitted annually and accepted using the eSRS system.

3. Effective Date. This Leasing Alert and the accompanying attachments are effective immediately.

4. Applicability. This Leasing Alert and the accompanying attachments are mandatory and apply to all U.S. General Services Administration (GSA) real property leasing activities and to activities delegated by GSA to other Federal agencies.

5. Cancellation. None


Attachment 1 – General Guidance for Approval of Subcontracting Plans and Required Reports
Attachment 2 – Leasing Model Small Business Subcontracting Plan
Attachment 3 – Small Business Subcontracting Plan Review Checklist
Attachment 4 – Initial Lessor Letter- Subcontracting Required Reports
Attachment 5 – Lessor Reminder Letter - Subcontracting Required Reports