



AND

SEIDMAN & ASSOCIATES, P.C., Attorneys at Law

www.seidmanlaw.com

present

HOW TO CHALLENGE CONTRACT BUNDLING

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Paul J. Seidman



BACKGROUND

- COMPETITION IN CONTACTING (“CICA”), P.L. 98-369 (1984)
 - NO MENTION OF “BUNDLING”
 - REAFFIRMS MINIMUM NEEDS RULE
- TWO EARLY CASES
 - PACIFIC SKY SUPPLY, B-228049, 87-2 CPD ¶ 504 (1987)
 - “ADMINISTRATIVE CONVENIENCE” NOT JUSTIFICATION FOR \$2.5 BILLION, 5 YR SOLE SOURCE REQUIREMENTS CONTRACT FOR ALL PARTS FOR A JET ENGINE
 - ELECTRO-METHODS, INC., B-239141.2, 90-2 CPD ¶ 363 (1990)
 - “CONFIGURATION CONTROL” JUSTIFIED BUNDLING KITS FOR MODIFYING JET ENGINE WITH RELATED ENGINEERING SERVICES



SMALL BUSINESS REAUTHORIZATION ACT OF 1997, P.L. 105-135

- DEFINES BUNDLING
- **“MEASURABLY SUBSTANTIAL BENEFITS” REQUIRED FOR BUNDLING**
- **IF BUNDLING PERMITTED**
 - TEAMING W/O AFFECTING SIZE STATUS
 - SMALL BUSINESS SUBCONTRACTING AN EVALUATION FACTOR



BASES FOR CHALLENGING BUNDLING

- COMPETITION IN CONTRACTING ACT
- SMALL BUSINESS ACT
 - IMPLEMENTED BY ANTI-BUNDLING REGULATIONS



BUNDLING DEFINITION

- **COMPETITION IN CONTRACTING ACT**
 - “BUNDLING” NOT DEFINED
- **SMALL BUSINESS ACT/ANTI-BUNDLING REGULATIONS**
- **FOUR REQUIREMENTS:**
 - Consolidates work previously provided under separate contracts
 - That could be performed by small business
 - in a new solicitation for a single contract
 - unsuitable for award to small business
- **FAR 2.101 RECENTLY AMENDED TO INCLUDE**
 - multiple awards of indefinite qty contracts under the same solicitation;
 - An order placed against an indefinite qty contract under:
 - A Federal Supply Schedule Contract; or
 - Task or delivery order contract awarded by another agency.



BASIS FOR CAUSE OF ACTION

- **COMPETITION IN CONTRACTING ACT**
 - FULL AND OPEN COMPETITION REQUIREMENT
 - MINIMUM NEEDS RULE
- **CAUSE OF ACTION –**
 - “BUNDLING” NOT NECESSARY TO MEET MEET MINIMUM NEEDS
- **SMALL BUSINESS ACT/ ANTIBUNDLING REGS**
 - IMPOSES JUSTIFICATION REQUIREMENTS
- **CAUSE OF ACTION**
 - FAILURE TO MEET REQUIREMENTS



SMALL BUSINESS ACT REQUIREMENTS MARKET RESEARCH

- **MARKET RESEARCH**

- REQUIRED TO DETERMINE IF BUNDLING JUSTIFIED

- **“MEASURABLY SUBSTANTIAL BENEFITS”**

- REQUIRED TO JUSTIFY BUNDLING [FAR 7.107]
- AGENCY MUST -
 - QUANTIFY
 - EXPLAIN WHY “MEASURABLY SUBSTANTIAL”



SMALL BUSINESS ACT REQUIREMENTS COORDINATION

- **BUNDLING STRATEGY MUST BE COORDINATED WITH SBS IF ESTIMATED CONTRACT VALUE**
 - \$7 MILLION OR MORE FOR DOD
 - \$5 MILLION OR MORE FOR NASA, GSA OR DOE
 - \$2 MILLION OR MORE FOR OTHER AGENCIES
- **SBS TO ASSIST IN STRATEGIES TO REDUCE OR MINIMIZE SCOPE OF BUNDLING**
- **SBS TO NOTIFY OSDBU IF BUNDLING UNNECESSARY OR NOT IDENTIFIED AS BUNDLING**



SMALL BUSINESS ACT REQUIREMENTS “MEASURABLY SUBSTANTIAL BENEFITS”

- **BENEFITS REQUIRED TO JUSTIFY BUNDLING**
 - **ESTIMATED VALUE \leq \$75 MILLION**
 - 10% OF ESTIMATED VALUE
 - **ESTIMATED VALUE $>$ \$75 MILLION**
 - LARGER OF
 - 5% OF ESTIMATED VALUE; OR
 - \$7.5 MILLION, WHICHEVER IS GREATER
 - **ESTIMATED VALUE INCLUDES OPTIONS**



ANALYSIS OF CASES

- CICA

- SOME SUCCESS ON MERITS

- **Not Justification**

- Administrative Convenience

- **Adequate Justification**

- Lack of Manpower
- Need to Integrate Work

- SMALL BUSINESS ACT/ANTIBUNDLING REGS

- DISMISSED ON PROCEDURAL GROUNDS

- UNTIMELY
- NO SHOWING OF PREJUDICE
- NOT "BUNDLING"

- SUSTAINED BASED ON AGENCY FAILURE TO FOLLOW REQUIRED PROCEDURES



ANALYSIS OF CASES (continued)

- 15% - 20% SUCCESS RATE
 - LIMITED SCOPE OF REVIEW – RATIONALE BASIS TEST
 - DISMISSALS ON GAO PROCEDURAL RULES



COMPARISON

	CICA	SB
ACT/REGS		
BUNDLING DEFINED	NO	YES
ADV PLANNING REQUIRED	YES	YES
MARKET RESEARCH REQUIRED	YES	YES
DOLLAR THRESHHOLDS	NO	YES
REQUIRES COMBINING PRIOR BUYS	NO	YES
ADVANCE NOTICE TO SBA REQUIRED	NO	YES
DEMONSTRABLE SAVINGS REQUIRED	NO	YES
LACK OF MANPOWER JUSTIFICATION	YES	NO
ONLY SMALL BUSINESS CAN CHALLENGE	NO	YES
BID PROTEST REMEDY	YES	YES



GAO BID PROTEST PROCEDURES

- TIMELINESS
 - SOLICITATION DEFECT
 - PRIOR TO TIME FOR RECEIPT OF BIDS OR PROPOSALS
 - “BUNDLING” A SOLICITATION DEFECT
 - OTHER PROTEST GROUNDS
 - WITHIN 10 DAYS AFTER BASIS KNOWN OR SHOULD HAVE BEEN KNOWN
 - APPLIES TO “BUNDLING” GROUNDS LEARNED FROM AGENCY REPORT/DISCOVERY
- PRIOR TIMELY AGENCY PROTEST
 - WITHIN 10 DAYS OF ACTUAL OR CONSTRUCTIVE NOTICE OF ADVERSE AGENCY ACTION



GAO BID PROTEST PROCEDURES

- STATUTORY STAY IF FILED
 - BEFORE AWARD
 - IF AFTER AWARD
 - WITHIN 10 DAYS OF AWARD; OR
 - 5 DAYS AFTER A REQUIRED DEBRIEFING
- INTERESTED PARTY REQUIREMENT
- DOCUMENT REQUEST
- PROTECTIVE ORDERS
- AGENCY REPORT
- CONTRACTOR COMMENTS
- DECISION



GAO REMEDIES

- REMEDIES
 - RECOMMEND AGENCY ISSUE NEW SOLICITATION
 - ATTORNEYS FEES



THANK YOU
ANY QUESTIONS:

PAUL J. SEIDMAN
SEIDMAN & ASSOCIATES, PC
ATTORNEYS AT LAW
923 15TH STREET, NW
WASHINGTON, DC 20005

(202)-737-5734 (VOICE)

(202)-204-0001 (FAX)

PJSEIDMAN@SEIDMANLAW.COM

WEBSITE: SEIDMANLAW.COM