Joint Venture (JV) Requirements

Small Businesses (13 C.F.R. § 121.103(h) (3))

- SBs can JV on a SB set-aside contract if:
    - JV partners' combined average annual revenues are less than the applicable size standard, OR
    - Both JV partners are under the size standard, AND
    - The procurement is a "bundled" requirement, OR
    - The contract value exceeds half the size standard for the contract (if a revenue-based size standard) or it exceeds $10 million (if an employee-based size standard)
- Repeated JV relationships could lead to a finding of general affiliation (and note the "3 awards in 2 years" rule)

HUBZone SBCs (13 C.F.R. § 126.616)

- A JV bidding on a HUBZone contract must be comprised only of HUBZone SBCs. In addition,
    - JV partners' combined average annual revenues must be less than the applicable size standard, OR
    - Each HUBZone SBC must be small under the size standard for the contract, AND the value of the procurement must exceed half the size standard for the contract (if a revenue-based size standard) or it must exceed $10 million (if an employee-based size standard)
- The JV itself does not need to be certified as a HUBZone SBC

8(a) SBCs (13 C.F.R. § 124.513)

- An 8(a) SBC and a non-8(a) company can JV together on an 8(a) set-aside contract if:
    - JV partners' combined average annual revenues are less than the applicable size standard; OR
    - Both companies are small under the size standard for the contract, AND at least one 8(a) participant in the JV is less than half the size standard for the contract, AND the contract value exceeds half the size standard for the contract (if a revenue-based size standard) or it exceeds $10 million (if an employee-based size standard); OR
    - The JV is between a protégé firm and its approved mentor, and the protégé is small under the size standard for the contract (this is the only instance where a large business can JV with a preference compan
- JV Agreements involving 8(a) companies must be approved by SBA before the contract is awarded
- To be approved, the 8(a) company must lack the capacity to perform the contract on its own, and the JV Agreement must be fair and equitable and of substantial benefit to the 8(a) company
- If the 8(a) brings little to the relationship other than its 8(a) status, SBA will not approve the Agreement
- SBA's regulations set out specific provisions that must be included in the JV agreement (13 C.F.R. § 124.513(c)):
    - An 8(a) SBC must be the managing venturer

Joint Venture (JV) Requirements

- An employee of the 8(a) SBC must be the project manager on the contract (unless the joint venture is "populated," in which case the JV must demonstrate performance of the contract is controlled by the 8(a) managing venturer)
- A special bank account must be established for the JV, and all parties' signatures must be required for withdrawals
- That the 8(a) SBC will meet the performance of work requirements in the regulations:
- Unpopulated JV: 8(a) must perform at least 40% of the work performed by the JV; must be more than administrative or ministerial functions
- Populated JV: 8(a) must demonstrate what it will gain from performance of contract and how performance will assist in its business development

SDVOSBCs (13 C.F.R. § 125.15(b))

- An SDVOSBC can JV with other SBCs to perform an SDVOSBC contract if:
    - JV partners' combined average annual revenues are less than the applicable size standard, OR
    - Each JV participant is small under the size standard for the contract, AND the contract value exceeds half the size standard for the contract (if a revenue-based size standard) or it exceeds $10 million (if an employee-based size standard)
- The JV Agreement need not be approved by SBA, but it must include specific terms, including (13 C.F.R. § 125.15(b)(2):
    - An SDVOSBC must be the managing venturer
    - An employee of the SDVOSBC must be the project manager on the contract, and the person must be named in the JV agreement
    - Not less than 51% of the profits must go to the SDVOSBC(s)

WOSBs and EDWOSBs (13 C.F.R. § 127.506) and SDBs (13 C.F.R. § 124.1002(f)

- A JV can submit an offer on a WOSB, EDWOSB or SDB contract (or claim a SDB price preference) if:
    - The WOSB of EDWOSB JV participant is designated in CCR and ORCA as a WOSB or EDWOSB OR the SDB JV participant has an SDB certification from SBA or has submitted an application for SDB certification; AND
    - JV partners' combined average annual revenues are less than the applicable size standard; OR
    - Both JV partners are small under the size standard, AND the contract value exceeds half the size standard for the contract (if a revenue-based size standard) or it exceeds $10 million (if an employee-based size standard)

Joint Venture (JV) Requirements

- The WOSB, EDWOSB or SDB must be the managing venturer of the JV, and an employee of the WOSB, EDWOSB or SDB must be the project manager on the contract
- The WOSB, EDWOSB or SDB must perform “a significant portion” of the contract work