

7.107-2 Consolidation.

(a) Consolidation *may* provide substantial benefits to the Government. However, because of the potential impact on small business participation, before conducting an *acquisition* that is a consolidation of requirements with an estimated total dollar value exceeding \$2 million, the *senior procurement executive* (SPE) or *chief acquisition officer* (CAO) *shall* make a written determination that the consolidation is necessary and justified in accordance with 15 U.S.C. 657q, after ensuring that-

(1) *Market research* has been conducted;

(2) Any alternative *contracting* approaches that would involve a lesser degree of consolidation have been identified;

(3) The determination is coordinated with the agency's Office of Small Disadvantaged Business Utilization or the Office of Small Business Programs;

(4) Any negative impact by the *acquisition* strategy on *contracting* with small business concerns has been identified; and

(5) Steps are taken to include small business concerns in the *acquisition* strategy.

(b) The SPE or CAO *may* determine that the consolidation is necessary and justified if the benefits of the *acquisition* would substantially exceed the benefits that would be derived from each of the alternative *contracting* approaches identified under paragraph (a)(2) of this section, including benefits that are quantifiable in dollar amounts as well as any other specifically identified benefits.

(c) Such benefits *may* include cost savings or price reduction and, regardless of whether quantifiable in dollar amounts-

(1) Quality improvements that will save time or improve or enhance performance or efficiency;

(2) Reduction in *acquisition* cycle times;

(3) Better terms and conditions; or

(4) Any other benefit.

(d) Benefits.

(1) Benefits that are quantifiable in dollar amounts are substantial if individually, in combination, or in the aggregate the anticipated financial benefits are equivalent to-

(i) Ten percent of the estimated contract or *order* value (including *options*) if the value is \$94 million or less; or

(ii) Five percent of the estimated contract or *order* value (including *options*) or \$9.4 million, whichever is greater, if the value exceeds \$94 million.

(2) Benefits that are not quantifiable in dollar amounts *shall* be specifically identified and otherwise

quantified to the extent feasible.

(3) Reduction of administrative or personnel costs alone is not sufficient justification for consolidation unless the cost savings are expected to be at least 10 percent of the estimated contract or *order* value (including *options*) of the consolidated requirements, as determined by the SPE or CAO (15 U.S.C. 657q(c)(2)(B)).

(e)

(1) Notwithstanding paragraphs (a) through (d) of this section, the approving authority identified in paragraph (e)(2) of this section *may* determine that consolidation is necessary and justified when-

(i) The expected benefits do not meet the thresholds for a substantial benefit at paragraph (d)(1) of this section but are critical to the agency's mission success; and

(ii) The *procurement* strategy provides for maximum practicable participation by small business.

(2) The approving authority is-

(i) For the Department of Defense, the SPE: or

(ii) For the civilian agencies, the Deputy Secretary or equivalent.

(f) If a determination is made that consolidation is necessary and justified, the *contracting officer shall* include it in the *acquisition* strategy documentation and provide it to the Small Business Administration (SBA) upon request.

Parent topic: 7.107 Additional requirements for acquisitions involving consolidation, bundling, or substantial bundling.