(c) *Long-form notice.* Where it is anticipated that bids may be received which appear designed to take unfair advantage of other bidders, by devices such as unrealistically low bids on mere token quantities, the notice set forth below may be used instead of the short-form notice in paragraph (b) above.

* * * * * * *

NOTE.—The longer form of the notice has been omitted.

§ 1–1.804–3 Award procedures.

(a) *Awarding the non-set-aside portion.* Awards on the non-set-aside portion shall be made in accordance with normal procurement procedures.

(b) *Awarding the set-aside portion.*

(1) After all awards have been made on the non-set-aside portion, award of the set-aside portion shall be effected by negotiation with eligible concerns as provided in the applicable Notice used. To determine whether a concern is eligible for preferential consideration as a labor surplus area concern the area classification of the Department of Labor in effect at the time of the award shall be used. Contracts for the set-aside portion shall specify the preferential status of the bidder or offeror on which the award was based.

(2) If equal low bids were received on the non-set-aside portion from concerns which are eligible for the set-aside portion, the concern which is awarded the non-set-aside portion (under the equal low bid procedures of § 1–2.407–6) shall have the first priority with respect to negotiations for the set-aside portion.

(c) *Non-awarded set-aside portion.* If any part of the set-aside quantity cannot be awarded by the method described in this § 1–1.804, any unawarded portion may be procured by advertising or negotiation, as appropriate, in accordance with existing regulations. A record of the reasons for failure to award the set-aside portion to labor surplus area concerns shall be included in the contract file.

§ 1–1.804–4 Withdrawal of set-asides.

If, prior to the award of a contract involving a labor surplus set-aside, the contracting officer considers that the set-aside is detrimental to the public interest, e.g., because of unreasonable prices, the contracting officer shall withdraw the set-aside and complete the procurement by advertising or negotiation, as appropriate, in accordance with existing regulations. A record of the reasons for the withdrawal of any set-aside shall be made and included in the contract file.

§ 1–1.804–5 Contract authority.

Contracts for set-asides made under this subpart shall cite as legal authority for negotiation section 302(c)(1) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 252(c)(1)), the revised Armed Services Procurement Act of 1947 (10 U.S.C. 2304(a)(1)), or other applicable proper authority (see § 1–3.201).

§ 1–1.805 Subcontracting with labor surplus area concerns.

[27 F.R. 625, Jan. 20, 1962]

§ 1–1.805–1 General.

(a) In furtherance of the general policy stated in § 1–1.802, procuring agencies shall encourage certain prime contractors to place subcontracts with concerns which will perform a substantial proportion of the production in areas of labor surplus, where this can be done consistent with efficient performance of contracts and at prices no higher than are obtainable elsewhere. (See § 1–1.710 for subcontracting policies with respect to small business concerns.)

(b) As used in this Subpart 1–1.8, the term subcontractor includes a supplier and applies at any level of performance of the contract; and the term subcontract includes a purchase order.

[27 F.R. 625, Jan. 20, 1962]

§ 1–1.805–2 *Labor surplus area subcontracting program.*

The Government's labor surplus area subcontracting program requires Government prime contractors to assume an affirmative obligation with respect to subcontracting with labor surplus area concerns. In contracts which range from $5,000 to $500,000, the contractor undertakes the obligation of using his best efforts to place his subcontracts with concerns which will perform such subcontracts substantially in areas of labor surplus, where this can be done consistent with the efficient performance of the contract and at prices no higher than are obtainable elsewhere. This undertaking is set forth in the contract clause prescribed in § 1–1.805–3(a). In contracts which may exceed $500,000, the con-