



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CEDB (715jj)

7 December 1995

MEMORANDUM FOR USACE COMMANDS, ATTN: DEPUTY FOR SMALL BUSINESS

SUBJECT: SADBUs Policy Memorandum 96-1, Standard Industrial Classification (SIC) 8744 for Environmental Remediation Services

1. This memorandum provides guidance on the use of SIC 8744 for Environmental Remediation Services for both prime contracts and subcontracts.

2. The Small Business Administration (SBA) published the final rule on SIC 8744 for Environmental Remediation Services on 15 September 1994. The size standard for a small business for SIC 8744 "Environmental Remediation" is 500 people. Size standards remain in effect until changed by the SBA.

3. For purposes of classifying a procurement as Environmental Remediation Services under SIC code 8744, the following is required: First, the general purpose of the procurement must be to restore a contaminated environment; and second, the procurement must be composed of activities in three or more separate industries identified with separate SIC four-digit industry codes or, in some instances, smaller sub-components of four-digit industry codes with separate, distinct size standards.

a. Activities may include, but are not limited to, separate activities in industries such as: Heavy Construction; Special Trade Construction; Engineering Services; Architectural Services; Management Services; Refuse Systems; Sanitary Services, Not Elsewhere Classified; Local Trucking Without Storage; Testing Laboratories; and Commercial, Physical and Biological Research.

b. If any activity in the procurement can be identified with a separate four-digit industry code, or component of a code with a separate distinct size standard, and that activity accounts for 50 percent or more of the value and effort of the entire procurement, then the proper size standard must be the SIC for that particular industry, and not the Environmental Remediation Service size standard.

c. NOTE: If A-E services account for 50 percent or more of the procurement, the solicitation must be classified as either SIC 8711 or 8712 and follow Brooks A-E Act procedures in FAR Subpart 36.6. Likewise, Brooks A-E Act procedures are not appropriate when SIC 8744 is determined by the contracting officer as the proper identification of the procurement.

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4. Although a prime contract may be classified as Environmental Remediation Service, subcontracts are classified individually based on the type of work to be performed. A subcontract is classified SIC 8744 "Environmental Remediation Service" when it is composed of activities in three or more separate industries identified with separate SIC four-digit industry codes. However, if the subcontract can be identified with a separate four-digit industry code, or component of a code with a separate distinct size standard, and that industry accounts for 50 percent or more of the value of the entire subcontract, then the proper size standard for the subcontract shall be the one for that particular industry, and not the Environmental Remediation Service size standard.

5. Do not change SIC codes during contract performance. For delivery order contracts, there may be a temptation to change the SIC code to reflect the service for a particular delivery order. Reporting contract actions under various SIC codes distorts the data and does not reflect the basic contract action. It is essential to continue to apply the prime or subcontract SIC code for all future work and not to reflect a delivery order.

6. This guidance has been coordinated with the Office of the Principal Assistant Responsible for Contracting, the Office of the Chief Counsel and the Directorates of Civil Works and Military Programs. Please share this memorandum with your contracting and engineering organizations.

FOR THE COMMANDER:



DIANE S. SISSON
Director
Small and Disadvantaged Business
Utilization