

**United States Small Business Administration
Office of Hearings and Appeals**

NAICS APPEAL OF:

Noble Supply & Logistics,

Appellant,

Solicitation No. N40192-18-R-7000
Department of the Navy
Naval Facilities Engineering Command
NAVFAC Marianas

SBA No. NAICS-5886

Decided: March 8, 2018

APPEARANCES

Gary J. Campbell, Esq., Womble Bond Dickinson (US) LLP, Boston, Massachusetts, for Noble Supply & Logistics

John V.R. Aguon, Esq., Naval Facilities Engineering Command Marianas, for the Department of the Navy

DECISION¹

I. Introduction and Jurisdiction

On January 17, 2018, the Department of the Navy, Naval Facilities Engineering Command (Agency) issued Solicitation No. N40192-18-R-7000 (RFP) for a Contractor Operated Civil Engineering Supply Store (COCESS) at Andersen Air Force Base in Guam. The Contracting Officer (CO) set the procurement aside for small businesses and assigned North American Industry Classification System (NAICS) code 561110, Office Administrative Services, with a corresponding \$7.5 million annual receipts size standard. Proposals were due on February 16, 2018. Amendment 5 to the RFP, issued February 2, 2018, stayed the RFP pending resolution of this appeal.

On January 26, 2018, Noble Supply & Logistics (Appellant) filed the above-captioned appeal, asserting the CO erred in selecting NAICS code 561110. Appellant asserts the procurement is best described by NAICS code 332722, Bolt, Nut, Screw, Rivet and Washer

¹ I originally issued this Decision under a Protective Order. After reviewing the Decision, the parties informed OHA they had no requested redactions. Therefore, I now issue the entire Decision for public release.

Manufacturing, with a corresponding 500 employee size standard. For the reasons discussed *infra*, the appeal is granted.

The U.S. Small Business Administration (SBA) Office of Hearings and Appeals (OHA) decides appeals of NAICS code designations under the Small Business Act of 1958, 15 U.S.C. § 631 *et seq.*, and 13 C.F.R. parts 121 and 134. Appellant filed this appeal within ten calendar days after issuance of the RFP, so the appeal is timely. 13 C.F.R. §§ 121.1103(b)(1) and 134.304(b). Accordingly, this matter is properly before OHA for decision.

II. Background

A. Solicitation

A COCESS is a Government-owned facility that is operated by a contractor under the contractor operated civil engineering supply store program for the purpose of maintaining inventories of civil engineering supplies on behalf of a military department, and furnishing such supplies to the department as needed. (Pub. L. No. 105-261, 112 Stat. 1978, § 345(a)(1).) Civil engineering supplies are parts and supplies needed for the repair and maintenance of military installations. (*Id.* § 345(a)(2)).

The contractor will provide all necessary labor, management, supervision, tools, material, and equipment required to provide a COCESS for the 36th Civil Engineering Squadron (36CES) at Andersen Air Force Base in Guam (Base). (RFP at 3-12.) The contractor is to acquire, issue, deliver and store a variety of commercially available off-the-shelf (COTS) materials, parts, tools, and supplies for construction and facility maintenance and repair at the Base. (*Id.*) The contractor will provide a simplified method for Government personnel to purchase quality materials, units and tools used in the repair and maintenance of base facilities. (*Id.*) The Government will furnish a 6,200 square foot facility, utilities, trash pickup, a computer and software to track purchase order entry and history. (RFP at 25-27.)

The RFP's intent is to provide a “one-stop shop” COCESS for the Base. (RFP at 57.) The store is to “contain a wide variety of commercial and industrial products (i.e., items found in commercial and industrial supply stores like Benson, Home Depot, or other local lumber and hardware stores).” (RFP at 64.) It will stock high use/consumable items for immediate purchase and provide access to an ordering system for non-stock items. (*Id.*)

The RFP calls for a Store Manager, Project Manager, Quality Manager (who can also be the Site Safety and Health Officer (SSHO)), Supply Officer, Production Control Clerk, General Maintenance Worker and two Laborers. These personnel shall be responsible for the operation of the COCESS, and must have experience in merchandising, warehousing, and selling commercial building trade supply items. (RFP at 30-31.) The Recurring Work includes Requisition Services, Inventory Management Services, Warehousing Services, and Transportation Services, and High-Use Items. (RFP at 72-98, § C.3.1-3.4.) For Requisition Services the Contractor will develop and implement Standard Operating Procedures (SOPs) for receiving and screening documents for accuracy, recording materials request, converting customer requests to appropriate requisition formats, etc. For Inventory Management Services, the contractor will develop and implement

SOPs for tracking status of current stock items, and handling inventory generally. The Contractor will perform Warehousing Services by developing and implementing SOPs for receiving, inspecting, and maintain supplies. The Contractor will perform Transportation Services by developing and implementing SOPs for scheduling shipments, including all tasks required to complete shipping. (*Id.*)

Also included as Recurring Work are High-Use Items listed in Attachment J-1001000-03, and for these the Agency estimates 137,695 are required annually. Attachment J-1001000-03 lists about 650 different items along with store quantities, annual quantities, and longer descriptions. High-Use Items include several different types of nails, bolts, couplings, screws, and other types of fasteners, as well as hinges, switches, faucets, breakers, fuses, paint, tape, fittings, and many other types of parts and other consumables used in the repair and maintenance of buildings and building systems.

Non-Recurring Work includes Craft Hours in various trades, and several types of materials that are not store-stocked. These are sorted into Exhibit Line Item Numbers (ELINs) according to price point and local availability on Guam. (Attachment J-0200000-11.)

The non-price Evaluation Factors are: (1) Corporate Experience, (2) Safety, and (3) Past Performance, with Factor 3 equal to the sum of Factors 1 and 2. (RFP at 171.) Price is equal to the sum of the non-price Factors. (*Id.*) Offerors must submit narratives that demonstrate their ability to meet the requirements of the RFP in projects with similar requirements. They must also submit safety records and past performance evaluations. (RFP at 171-175.)

B. Appeal

Appellant asserts the primary purpose of this procurement is the acquisition of consumable items for use by Government personnel. (Appeal at 1.) The RFP requires the contractor to acquire, issue, deliver and store a variety of COTS materials for construction, maintenance and repair. (*Id.* at 4.) Appellant asserts the contractor is required to provide personnel to operate the COCESS storefront, supply the items required for the store's stock, and provide 300,000 hours of Craft Services annually, about 150 full-time equivalents (FTEs). (*Id.* at 6-8, 11.) Regarding Craft Services, Appellant argues the RFP fails to specify which trades are sought, or how the estimate of hours is divided among the various trades. (*Id.* at 8.) Appellant asserts the Guam COCESS has never required this level of staffing, referring to the prior COCESS RFP, attached as Exhibit 3. (*Id.*) Appellant suggests either the Agency is significantly downsizing its workforce, without notice, or the RFP is not truly reflective of the Agency's needs. (*Id.* at 9.)

Appellant argues the proper NAICS code for this procurement is a manufacturing NAICS code corresponding to the category of those items which constitute a plurality of the items the Agency anticipates will be purchased at the COCESS. (*Id.* at 10.) The category of items with the highest overall annual quantity appears to be screws, nuts, and washers. The appropriate NAICS code for these items is 332722, Bolt, Nut, Screw, Rivet and Washer Manufacturing, with a corresponding size standard of 500 employees. (*Id.* at 10.)

Appellant asserts the Agency failed to assign a NAICS code which described the RFP's principal purpose, operation of the COCESS and the supply of products. Acquisitions for supplies must be classified under the appropriate manufacturing NAICS code. (*Id.* at 12, citing 13 C.F.R. § 121.402(b)(2); *NAICS Appeal of SBA*, SBA No. NAICS-5526 (2014).) Appellant points to OHA cases where the procurements called for some services, but these were minimal administrative work of the type that any contractor would be required to perform. There a manufacturing code was required. (*Id.* at 12-13, citing *NAICS Appeal of Global Precision Systems, LLC*, SBA No. NAICS-5681 (2015); *NAICS Appeal of SBA*, SBA No. NAICS-5526 (2014).)

Appellant emphasizes *NAICS Appeal of Noble Supply & Logistics*, SBA No. NAICS-5748 (2016), where the RFP also was for a COCESS. There, OHA held it must assign the NAICS code that best described the principal purpose of the products and services being acquired, and in that case it was copper wire, under NAICS code 331420, Copper Rolling, Drawing, Extruding, and Alloying. Here, the purpose is the acquisition of bolts, nuts, screws and rivets, covered under NAICS code 332722. (*Id.* at 14-15.)

Appellant points out that the definition of NAICS code 561110, Office Administrative Services, states that establishments under the code do not provide operating staff to carry out the complete operations of a business, but the COCESS storefront services call for the operation of a complete business. (*Id.* at 15.) Appellant further asserts that the 300,000 undefined Craft Hours (150 FTEs) per year called for in this RFP were not included in previous COCESS contracts or otherwise contracted by the Agency, and suggests they are not truly reflective of the Agency's needs. (*Id.* at 16.)

Appellant maintains that, as in *Noble Supply & Logistics*, this RFP's primary purpose is supplies. The purpose of the procurement is not to operate a store but to acquire, issue, deliver, and store a variety of materials, parts, tools, and supplies for construction, facility repair, and maintenance by Agency personnel. (*Id.*) The COCESS storefront is merely a vehicle of delivery, similar to vending machines used in *NAICS Appeal of Global Precision Systems, LLC*, SBA No. NAICS-5681 (2015). The value of the supplies versus the services of four FTEs necessary to operate the store will far exceed the 75% share of equipment that OHA found necessitated a manufacturing code in *NAICS Appeal of SBA, supra*. (*Id.*) Appellant maintains the primary purpose of this procurement is to acquire supplies, and thus it must have a manufacturing code.

C. Agency Response²

The Agency initially responded to the appeal on February 9, 2018, and included its Corrected Independent Government Cost Estimate (ICGE) on Attachment J-0200000-11. Craft Hours are shown on the ICGE as 3,000 (rather than 300,000) annually. On the bottom of several

² The Agency filed its Response one day after the close of record. On February 15, 2018, I issued an Order admitting the CO's late filing because I concluded it was helpful to the development of the record. I further directed the CO to submit a detailed allocation of the craft hours required, and granted Appellant leave to reply to the CO's responses.

pages it states: “NOTE: Craft Hours corrected and to be included as part of solicitation via amendment.”

The Agency argues that the primary purpose of this solicitation is to obtain contractor services to operate and manage the 36CES supply store (the COCESS), not the purchase of the supplies themselves. (Agency Response at 2.) The Agency is seeking all the services necessary to operate and manage a storefront and its inventory. The inventory is generally comprised of high volume, low cost items such as zip ties, nuts, bolts and screws. The actual purchase of these supplies is conducted via post-award micro transactions on an as needed basis. (*Id.*)

The Agency points to the services the RFP requires, Requisition, Inventory Management, Warehousing, and Transportation. (*Id.* at 2-3.) The IDIQ portion of the contract is intended to cover the labor and costs associated with the procurement of extraordinary materials, the purchase of which is entirely dependent on the Agency's needs. The Craft Hours are only ordered under the IDIQ CLIN and are comprised of additional services beyond the firm fixed price CLIN. They reflect the amount of time the Contractor requires to requisition and deliver non-routine materials on a contingency basis. They are not guaranteed. (*Id.* at 3.)

The Agency argues that NAICS code 561110 covers the physical distribution of items and logistics, and is therefore an appropriate code for material coordination and warehousing services. (*Id.* at 4, citing *Size Appeal of AllSource Global Management, LLC*, SBA No. NAICS-5292 (2011).) Under the Government Estimate, the service-related ELINs constitute roughly 46% of the total value of the CLIN in terms of cost with the required in-stock inventory comprising the remainder. (*Id.* at 4.) The Agency states that while the greater part of the contract value is the cost of materials; the actual post-award value is speculative given the lack of guaranteed material sales. While a procurement is “usually” classified according to component which accounts for the greatest percentage of contract value, this analysis is probative, not dispositive. The Agency argues the facts here suggest a services code is more appropriate for this procurement. (*Id.* at 5.)

The Agency argues Appellant has not met its burden of proving the CO's designation is based on clear error. The Agency maintains Appellant is attempting to rewrite the RFP to reflect what it believes the Government needs. (*Id.* at 5.) The Agency relies upon the definition of a service contract, as one where a contractor's “primary purpose is to perform an identifiable task rather than furnish an end item of supply.” (*Id.*, quoting FAR 37.101.) Here, the task is the operation of a storefront. The contractor is required to perform this regardless of whether any materials are actually purchased and thus the end value of the contract is not in the materials themselves, but the efforts to make the materials available. (*Id.*)

The Agency takes issue with Appellant's argument that NAICS code 561110 is incorrect because the COCESS services are the operation of a complete business, and thus excluded from the code. Appellant is wrong because the business of the Agency is the defense of the United States, and a COCESS is one of hundreds of operations at the Base, and is hardly a complete business. (*Id.*)

The Agency further maintains that the COCESS is not a complete business even when viewed in isolation. The Contractor is provided significant Government Furnished Property and Equipment, such as a warehouse and office equipment. The Government Material Management Office which will oversee and evaluate performance, cross check quotes and track orders. The Government also furnishes utilities and refuse services. (*Id.* at 5-6.)

The Agency concludes by stating that the primary purpose of this acquisition is the operation of a storefront, which it determined is a service contract because of the need for requisition, inventory management, warehousing, and transportation services. The real value associated with this contract is the services performed, not the materials. (*Id.* at 6.)

D. Agency Supplemental Response

On February 21, 2018, the Agency provided a detailed allocation of the estimated craft hours for the RFP. The CO asserts the services under the RFP are to be performed by a Store Manager, Project Manager, Quality Manager, Supply Officer, Production Control Clerk, General Maintenance Worker and two Laborers. (Agency Response, citing PWS, § 2.7.) The Store Manager must have at least three years' experience in merchandising, warehousing, cross-referencing and selling the type of materials required under the contract. (*Id.* citing PWS, § 2.7.1.1.) The Project Manager must have at least three years' experience in managing a workforce providing services on similar contracts. (*Id.* citing PWS, § 2.7.1.2.) The Quality Manager must have at least three years' experience in preparing and enforcing Quality Management Service programs on similar contracts, and may be the same person as the Site Safety and Health Officer (SSHO). (*Id.* citing PWS, § 2.7.1.3.) The SSHO must have at least five years' experience in preparing and enforcing safety programs. (*Id.* citing PWS, § 2.7.1.4.)

E. Appellant's Reply

On February 26, 2018, Appellant replied to the Agency Response. Appellant argues the Agency's submissions support Appellant's contention the principal purpose of the RFP is the supply of materials purchased through the store. Appellant maintains the Agency admits it is only procuring those services incidental to operating a COCESS contract. The Agency submissions confirm that the only services being procured are those typically procured under a COCESS contract which, while necessary, are only incidental to the procurement of supplies under COCESS contracts. (Reply at 1-2.)

Appellant notes the Agency: (1) described the only services being procured as for store operations; (2) conceded the majority of the procurement's dollar value is the cost of materials; and (3) acknowledged that a procurement is usually classified according to component which accounts for the greatest value of the solicitation. Appellant maintains that these admissions severely undercut the Agency's contention that this RFP represents a services procurement. (Reply at 2.)

Appellant's analysis of the Government Estimate leads it to argue that 73% of value here is materials, and only 27% services. This is a contract for the supply of materials. (*Id.* at 3.) Appellant further argues that the Agency misapplied the legal standard for NAICS code

assignments. While the Agency agrees that a procurement is usually classified according to that component which accounts for the greatest percentage of contract value, it maintains this is probative, not dispositive. Appellant argues there is no support in OHA's case law for the proposition that this is probative, not dispositive. (*Id.* at 4.)

Appellant argues that it is settled law that the mere fact that a procurement calls for incidental or ancillary services does not justify classifying the procurement based upon those services, even if they are necessary to the procurement. Where the primary purpose of a contract is for supplies rather than services because the supplies constitute the majority of the dollar value of the procurement, the proper NAICS code is that of the plurality of the items to be purchased. (*Id.* at 5, citing *Size Appeal of Noble Supply and Logistics*, SBA No. NAICS-5748 (2016) and *NAICS Appeal of Dial General Engineering*, SBA No. NAICS-5375 (2012).)

F. NAICS Manual³ Descriptions

The NAICS code designated by the CO, 561110, Office Administrative Services, comprises:

[E]stablishments primarily engaged in providing a range of day-to-day office administrative services, such as financial planning; billing and recordkeeping; personnel; and physical distribution and logistics, for others on a contract or fee basis. These establishments do not provide operating staff to carry out the complete operations of a business.

NAICS Manual at 489-90. The Web page provides these illustrative examples:

- Administrative management services
- Business management services
- Executive management services
- Hotel management services (except complete operation of client's business)
- Industrial management services
- Management services (except complete operation of client's business)
- Managing offices of dentists
- Managing offices of physicians and surgeons
- Managing offices of professionals (e.g., dentists, physicians, surgeons)
- Medical office management services
- Motel management services (except complete operation of client's business)
- Office administration services
- Office management services

³ Executive Office of the President, Office of Management and Budget, *North American Industry Classification System-United States* (2017), available at <http://www.census.gov>.

The NAICS code advocated by Appellant, 332722, Bolt, Nut, Screw, Rivet and Washer Manufacturing, comprises:

[E]stablishments primarily engaged in manufacturing metal bolts, nuts, screws, rivets, washers, and other industrial fasteners using machines, such as headers, threaders, and nut forming machines.

NAICS Manual at 239. The Web page contains the corresponding index entries:

Bolts, metal, manufacturing
Cotter pins, metal, manufacturing
Dowel pins, metal, manufacturing
Hook and eye latches, metal, manufacturing
Hooks (i.e., general purpose fasteners), metal, manufacturing
Hooks, metal screw, manufacturing
Hose clamps, metal, manufacturing
Lock washers, metal, manufacturing
Machine keys, metal, manufacturing
Nuts, metal, manufacturing
Rivets, metal, manufacturing
Screw eyes, metal, manufacturing
Screws, metal, manufacturing
Spring pins, metal, manufacturing
Spring washers, metal, manufacturing
Toggle bolts, metal, manufacturing
Turnbuckles, metal, manufacturing
Washers, metal, manufacturing

Another code is 332510, Hardware Manufacturing, which comprises,

[E]stablishments primarily engaged in manufacturing metal hardware, such as metal hinges, metal handles, keys, and locks (except coin-operated time locks).

NAICS Manual at 237. The Web page contains the corresponding index entries:

Aircraft hardware, metal, manufacturing
Appliance hardware, metal, manufacturing
Automobile hardware, metal, manufacturing
Brackets (i.e., builder's hardware-type), metal, manufacturing
Builder's hardware, metal, manufacturing
Cabinet hardware, metal, manufacturing
Casket hardware, metal, manufacturing
Casters, furniture, metal manufacturing
Casters, industrial, metal, manufacturing
Dead bolts, metal, manufacturing

Door locks, metal, manufacturing
 Door opening and closing devices (except electrical), metal, manufacturing
 Furniture hardware, metal, manufacturing
 Gun trigger locks, metal, manufacturing
 Hinges, metal, manufacturing
 Key blanks, metal, manufacturing
 Locks (except coin-operated, time locks), metal, manufacturing
 Luggage hardware, metal, manufacturing
 Marine hardware, metal, manufacturing
 Motor vehicle hardware, metal, manufacturing
 Padlocks, metal, manufacturing
 Piano hardware, metal, manufacturing
 Suitcase hardware, metal, manufacturing

II. Discussion

A. Standard of Review

Appellant has the burden of proving, by a preponderance of the evidence, all elements of its appeal. Specifically, Appellant must show that the CO's NAICS code designation is based upon clear error of fact or law. 13 C.F.R. § 134.314; *NAICS Appeal of Durodyne, Inc.*, SBA No. NAICS-4536, at 4 (2003). SBA regulations do not require the CO to select the perfect NAICS code. *NAICS Appeal of Evanhoe & Assocs., LLC*, SBA No. NAICS-5505, at 14 (2013). Rather, the CO must assign the NAICS code that best describes the principal purpose of the product or service being acquired in light of the industry descriptions in the *NAICS Manual*, the description in the solicitation, the relative value and importance of the components of the procurement making up the end item being procured, and the function of the goods and services being acquired. Federal Acquisition Regulation (FAR) 19.303(a)(2); 13 C.F.R. § 121.402(b). OHA will not reverse a NAICS code designation “merely because OHA would have selected a different code.” *NAICS Appeal of Eagle Home Med. Corp.*, SBA No. NAICS-5099, at 3 (2009).

B. Analysis

I conclude that the CO's chosen NAICS code 561110, Office Administrative Services, is not appropriate for this procurement. That code covers the administrative services a business requires which support its overall operations. The code explicitly excludes its use for the provision of operating staff to carry out a business's complete operations. Rather, OHA case law has found that this NAICS code is appropriately used for ancillary administrative services in support of an organization's mission.

OHA has found NAICS code 561110 appropriate for a contract for handling inquiries and providing ancillary administrative services to an information clearinghouse for the National Institutes of Health. *NAICS Appeal of Eagle Design and Management, Inc.*, SBA No. NAICS-4521 (2002); *NAICS Appeal of Eagle Design and Management, Inc.*, SBA No. NAICS-4510 (2002). Also, handling application processing for the Employment and Training Administration of the Department of Labor is covered by that code. *NAICS Appeal of Panacea Consulting, Inc.*,

SBA No. NAICS-4582 (2003). Further, a contract for the day-to-day administrative and management services for a Department of Health and Human Services clinical research program, where the core mission of the procuring agency was medical research, was also held to be under this code. *NAICS Appeal of Information Ventures, Inc.*, SBA No. NAICS-4600 (2003). This was also true of a contract for administrative assistant services, word processing services, and record-keeping services in support of an agency whose mission was to provide healthcare to military personnel. *NAICS Appeal of AllSource Global Management, LLC*, SBA No. NAICS-5292 (2011). The examples for code 561110 listed in the *NAICS Manual* are various kinds of management and administrative services, and these are all consistent with these OHA holdings. None of these examples involve the distribution of parts and supplies for engineering and maintenance.

In short, NAICS Code 561110 covers the provision of administrative and clerical services to an activity which are ancillary to its mission. The code covers those establishments which provide office management services to an agency so that it may concentrate on its main mission.

The Agency argues that the task required here is the operation of a storefront. However, government procurements may not be classified under either Wholesale Trade or Retail Trade NAICS codes. Acquisitions for supplies must be classified under the appropriate manufacturing or supply NAICS code. 13 C.F.R. § 121.402(b)(2); *NAICS Appeal of Noble Supply & Logistics*, SBA No. NAICS-5748, at 7 (2016). Similar language is repeated in the table at 13 C.F.R. § 121.201 for both the Wholesale Trade and Retail Trade sectors. (*Id.* at 7.) The NAICS code for a procurement is usually designated according to the component which accounts for the greater percentage of contract value. 13 C.F.R. § 121.402(b)(2). The CO may consider other factors such as the relative value and importance of the components of the procurement making up the end item being acquired, and the function of the goods and services being procured. 13 C.F.R. § 121.402(b)(1); *NAICS Appeal of Pinnacle Solutions, Inc.*, SBA No. NAICS-5651 (2015).

Here, the RFP does not require the provision of administrative services to the Department of the Navy. Rather, the Agency here seeks to acquire supplies and equipment through the operation of the COCESS. The purpose of a COCESS is to provide needed equipment, supplies and materials to the Base. As noted above, the statutory definition of COCESS is a facility that provides parts and supplies for the repair and maintenance of military installations. This definition does not include the provision of administrative services in support of a facility's overall mission. Any administrative services required are merely those necessary to carry out the task of providing the supplies and equipment. It is settled law that the mere fact that a procurement calls for incidental or ancillary services does not justify classifying the procurement based upon the ancillary services even if those services are necessary to the procurement. *NAICS Appeal of Noble Supply & Logistics*, SBA No. NAICS-5748 (2016), citing *NAICS Appeal of SBA*, SBA No. NAICS-5526 (2014). This supports a finding that COCESS procurements are procurements for supplies, not services. In addition, the record makes clear, and the Agency concedes, that the parts and supplies to be procured through the COCESS are of much greater value than the services required to deliver them to the Base through the COCESS. Finally, OHA has previously considered a COCESS procurement, and held that COCESS procurements are supply procurements, and thus must be classified under the appropriate manufacturing or supply

NAICS code, not under a Wholesale Trade or Retail Trade NAICS code. *NAICS Appeal of Noble Supply & Logistics*, SBA No. NAICS-5748 (2016).

Accordingly, I must conclude that the CO's designation of NAICS code 561110, Office Administrative Services, was based upon clear error. This COCESS procurement is a procurement for supplies, and must be classified under a manufacturing or supply code.

In *Noble Supply*, OHA reviewed the solicitation, and concluded that a plurality of the items to be purchased at that COCESS were THHN wire, whose manufacturers are classified under NAICS code 331420, Copper Rolling, Drawing, Extruding, and Alloying. Thus, OHA determined that 331420 was the appropriate code for that procurement.

However, in reviewing this RFP, I do not find that THHN wire appears to be the plurality of the items to be purchased. There is a very large range of types of equipment. The list does include THHN wire, and, as Appellant notes, screws, bolts, washers, and nails. Also, there are hinges, switches, faucets, breakers, fuses, paint, tape, fittings, and many other types of parts and equipment. The Government estimate lists a value of \$7.15 per item to be acquired, which is too large a figure to apply to individual screws and nails. Accordingly, I find that there is too large a range of types of equipment and parts to conclude that either NAICS code 331420 or 332722 applies here.

I conclude that the appropriate code is 332510, Hardware Manufacturing. This code specifically includes a number of the items required by the RFP, including brackets, hinges, and dead bolts. The code covers various types of metal hardware. All the items included in this code could be characterized as some sort of hardware, used for engineering, repairs, and maintenance at the Base. While they are not all metal, they are all some type of hardware, necessary for the work of maintaining the Base. The fact that the RFP explicitly provides that the items to be acquired are those found in large commercial hardware stores such as Home Depot further supports the conclusion that the appropriate designation is Hardware Manufacturing. As noted above, the appropriate code for a procurement need not be a perfect NAICS code, merely that code which best describes the procurement's principal purpose, in light of the description in the *NAICS Manual*, the description in the solicitation, and the relative value of the procurement's components. *NAICS Appeal of Caduceus Healthcare, Inc.*, SBA No. NAICS-5847 (2017). Here, even though the procurement requires a number of items which are not made of metal, NAICS code 332510, a very inclusive code, covers a large range of types of hardware, and is therefore appropriate for this procurement, considering the very wide range of equipment, parts, and materials which the COCESS will be required to provide to the Base.

Accordingly, I conclude that the Appellant has met its burden of establishing that the CO's designation of NAICS code 561110, Office Administrative Services, for this procurement was based on a clear error of fact or law. I also conclude that the appropriate NAICS code is 332510, Hardware Manufacturing, with a corresponding 750 employee size standard.

IV. Conclusion

For the above reasons, the appeal is GRANTED and the CO's designation of NAICS code 561110 is REVERSED. The correct NAICS code for this Contractor Operated Civil Engineering Supply Store is NAICS code is 332510, Hardware Manufacturing, with a corresponding 750 employee size standard. This is the final decision of the U.S. Small Business Administration. *See* 13 C.F.R. § 134.316(d).

Accordingly, because this decision is being issued before the close of the solicitation, the CO MUST amend the solicitation to change the NAICS code designation from 561110 to 332510. FAR § 19.303(c)(8); 13 C.F.R. § 134.318(b); *Matter of Eagle Home Med. Corp.*, Comp. Gen. B-402387, March 29, 2010, *available at* <http://www.gao.gov/decisions/bidpro/402387.pdf>; *NAICS Appeal of The Tolliver Group, Inc.*, SBA No. SIZ-5705 (2016)

CHRISTOPHER HOLLEMAN
Administrative Judge