

(a) *Services (except construction)*. At least 50 percent of the cost of contract performance incurred for personnel shall be expended for employees of the Contractor or employees of other businesses residing or primarily doing business in the area designated in FAR 52.226-4;

(b) *Supplies (other than procurement from a nonmanufacturer of such supplies)*. The Contractor or employees of other businesses residing or primarily doing business in the designated area shall perform work for at least 50 percent of the cost of manufacturing the supplies, not including the cost of materials;

(c) *General construction*. The Contractor will perform at least 15 percent of the cost of the contract, not including the cost of materials, with its own employees or employees of other businesses residing or primarily doing business in the designated area; or

(d) *Construction by special trade Contractors*. The Contractor will perform at least 25 percent of the cost of the contract, not including the cost of

materials, with its own employees or employees of other businesses residing or primarily doing business in the designated area.

(End of clause)

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**DEPARTMENT OF DEFENSE**

**GENERAL SERVICES ADMINISTRATION**

**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**

**48 CFR Chapter 1**

[Docket FAR—2006-0023]

**Federal Acquisition Regulation; Federal Acquisition Circular 2005-12; Small Entity Compliance Guide**

**AGENCIES:** Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

**ACTION:** Small Entity Compliance Guide.

**SUMMARY:** This document is issued under the joint authority of the Secretary of Defense, the Administrator of General Services and the Administrator of the National Aeronautics and Space Administration. This *Small Entity Compliance Guide* has been prepared in accordance with Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996. It consists of a summary of rule appearing in Federal Acquisition Circular (FAC) 2005-12 which amends the FAR. An asterisk (\*) next to a rule indicates that a regulatory flexibility analysis has been prepared. Interested parties may obtain further information regarding this rule by referring to FAC 2005-12 which precedes this document. These documents are also available via the Internet at <http://acquisition.gov/far>.  
**FOR FURTHER INFORMATION CONTACT:** Laurieann Duarte, FAR Secretariat, (202) 501-4225. For clarification of content, contact the analyst whose name appears in the table below.

Item	Subject	FAR case	Analyst
I .....	Local Community Recovery Act of 2006 (Interim) .....	2006-014	Cundiff.

**SUPPLEMENTARY INFORMATION:**

**Item I—Local Community Recovery Act of 2006 (Interim) (FAR Case 2006-014)**

This interim rule adds a local area set-aside to the FAR for debris clearance, distribution of supplies, reconstruction, and other major disaster or emergency assistance activities. The contracting

officer defines the set-aside area. The rule implements the Local Community Recovery Act of 2006, which strengthens the government's ability to promote local economic recovery. The local area set-aside does not replace small business set-asides. Both can be used at the same time. The rule imposes subcontracting restrictions when a local

area set-aside is used. No competition justification is required for the local area set-aside.

Dated: July 28, 2006.

**Ralph De Stefano,**

*Director, Contract Policy Division.*

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