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**Civil Engineering**

**SERVICE CONTRACT GUIDE FOR CIVIL  
ENGINEERS**



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This service contract handbook is intended for use by civil engineering throughout the Air Force. The purpose of the handbook is to provide "how-to" information on the structure and administration of performance-based service contracts. Our goal is to provide a useful tool to help the civil engineering community transition smoothly into a service contract. When the government contracts a requirement, it is entitled to receive quality service. Establishing a baseline knowledge of how to develop performance-based service contracts is essential.

### **SUMMARY OF REVISIONS**

**This document is substantially revised and must be completely reviewed.**

This publication has been completely revised to comply with AFI 63-124, *Performance-Based Service Contracts (PBSC)*, as follows: Chapter 2, deleted AF Form 9 guidance; Chapter 3, changed IAW AFI 63-124 guidance; Chapter 5, deleted "Delivery and Performance Schedules"; Chapter 5 moved to Chapter 4; Chapter 6 moved to Chapter 5, changed IAW AFI 63-124 guidance; Chapter 7 moved to Chapter 6, deleted tables and provided plan download web site address; Chapter 8, deleted "Technical Evaluation Factors/Standards"; Chapter 9 moved to Chapter 7, deleted milestone examples and changed IAW AFI 63-124; Chapter 10 moved to Chapter 8, retitled to "Required Sources of Services" and removed thresholds; Chapter 11 moved to Chapter 9; Chapter 12 moved to Chapter 10, deleted time-and-materials contracts, labor-hour contracts, letter contracts, and basic agreements, and merged all fixed-price type contract information; Chapter 13, deleted "The Uniform Contract Process"; Chapter 14 moved to Chapter 11, changed IAW FAR Part 15 revisions; Chapter 15, deleted "The Clearance Process"; Chapter 16, deleted "Use of Options" and merged information into Chapter 10; Chapter 17 moved to Chapter 12, changed the title and condensed the explanation; Chapter 18, deleted "National Industries of the Blind (NIB) and National Industries of the Severely Handicapped (NISH)" and merged information into Chapter 8; Chapter 19 moved to Chapter 13, deleted close-out information; Chapter 20 moved to Chapter 14, added acquisition of commercial services information.

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## PART 1

### THE CONTRACT REQUIREMENTS PACKAGE

#### Chapter 1

#### GOVERNMENT ESTIMATES

**1.1. Government Estimates.** One important tool contracting uses to determine the reasonableness of a contractor's proposal is an independent government cost estimate provided by civil engineering. The independent cost estimate is a document prepared by the office generating the requirement as if they were bidding on the contract. This is a sensitive document and, therefore, must be safeguarded to prevent potential contractors from using the estimate as a baseline for their cost/price proposals. Mark the document "For Official Use Only." Your cost estimate must accurately reflect the service to be purchased. The degree and magnitude of your estimate depends upon the services requested. If you are requesting a service that is typically accomplished in the private sector (i.e., custodial, grounds maintenance, refuse collection), you would most likely use the method of estimating found in the private sector during your market research. HQ AFCESA developed several sample cost estimates from market research findings, located at AFCESA's web site: <http://www.afcesa.af.mil>. If you are requesting a service that may involve contract price negotiations, you must prepare a detailed cost estimate for use in contract negotiations. The following will assist you in preparing this detailed cost estimate.

**1.2. Cost Elements.** A complete government estimate is a breakdown of cost elements: direct costs, indirect costs, profit and escalation.

1.2.1. Direct Costs. A direct cost is any cost that can be identified specifically with a particular final cost objective. Costs identified specifically with the contract are direct costs of the contract and are to be charged directly to the contract. The most common direct costs are labor rates and labor burden. Other allowable direct costs may be expendable supplies, materials, or equipment that are used to perform the required service.

1.2.1.1. A Department of Labor (DOL) Wage Determination (WD) determines minimum wages and fringe benefits for service employees and may be used for the labor cost estimate. If there is a predecessor contract, which has a collective bargaining agreement, the direct labor calculations will be based on that agreement. The DOL will incorporate the collective bargaining agreement into their wage determination. The Department of Labor Wage Determination lists labor rates for specific labor categories. Obtain a list from your Contracting Office or access the Internet web site: <http://www.dol.gov>. If you are unsure of the labor category to use for your requirement, consult the Service Contract Act Directory of Occupations to compare job definitions to the WD list. Remember that it is not the job title, but the required tasks that determine the correct usage of the WD. Your contracting office has copies of the WDs and the directory. For the labor categories that are not identified in the WD, contact the Civilian Personnel Division for the government employee classification and wage rate which best fits your requirement.

1.2.1.2. You may obtain the labor burden information from your contracting office or your contracting office may add labor burden to the labor rates you identify. Labor burden consists of Federal Insurance Contributions Act (FICA) which is Social Security, Federal Unemployment

Insurance (FUI), State Unemployment Insurance (SUI), Health and Welfare (H&W), and Workman's Compensation.

1.2.1.3. Other direct costs (ODC) are items the contractor incurs as expenses when performing the required service. Common costs are contract specific materials items, such as uniforms, badges, or tools. Other allowable direct costs may be travel, insurance, equipment, or expendable supplies, such as cleaners, boxes, or tape. It is important to identify and list all items applicable to the performance of the service. ODC can be estimated by researching past contracts of like services or doing a market survey of local companies who provide like services.

1.2.2. Indirect Costs. An indirect cost is any cost not directly identified with a single, final cost objective. It is not subject to treatment as a direct cost. After direct costs have been determined and charged directly to the contract, indirect costs are those remaining to be allocated to the several cost objectives. The most common indirect costs are general and administrative (G&A) expenses. G&A costs are attributable to the general management, supervision, and conduct of the contractor's business as a whole. Other indirect costs may be manufacturing overhead expenses or building occupancy costs. Like direct costs, you can research past contracts of like services or do a market survey of local companies who provide like services to determine an indirect cost rate that is applicable to your requirement.

1.2.3. Profit. Profit is the total remuneration the contractor may receive for contract performance over and above allowable costs. It is in the government's interest to offer contractors opportunities for financial rewards sufficient to stimulate efficient contract performance, attract qualified businesses, and maintain a viable industrial base. Both government and contractors should be concerned with profit as a motivator of efficient and effective contract performance. You can estimate the profit by researching past contracts of like services or apply the "rule of thumb" based on the degree of estimated risk, 5-15 percent. Your contracting office will calculate the profit by researching past contracts of like services and preparing weighted guidelines (DD 1547, Record of Weighted Guidelines Application).

1.2.4. Escalation. Typically a contract consists of a basic year and four one-year options however; a longer contract is allowable (FAR 17). Each option year must consider an escalation rate that projects inflation costs. To calculate escalation rates for your cost estimate, you can use a "rule of thumb" rate based on current market conditions (2%-3%). For a more accurate estimate you can use the established rates of the Defense Principal Deputy Comptroller as published in the Federal Register. This publication can be obtained from your contracting office.

**1.3. Format.** The format for developing your government estimate can be an agreement between you and your Contracting Officer. In addition, if you are considering contracting with the National Institute for the Severely Handicapped (NISH), you must develop your government estimate by following the guidance published by the Committee for Purchase from People Who are Blind or Severely Disabled. You can request this guide from your Contracting Officer. **Figure 1.1.** Sample Format For Government Estimate, is one style of a government estimate with a blank worksheet and instructions. There are many styles to choose from. Determine a format that works best for you and your contracting office.

**Figure 1.1. Sample Format for Government Estimate.**

**DIRECT LABOR COSTS**

- 1. Productive Labor (\_\_\_\_\_ man-hours x \$\_\_\_\_\_ per hour) = \$\_\_\_\_\_
- 2. Supervisory Labor (\_\_\_\_\_ man-hours x \$\_\_\_\_\_ per hour) = \$\_\_\_\_\_
- 3. Vacations
  - a. (\_\_\_\_\_ hours for productive labor employees x \$\_\_\_\_\_ per hour) \$\_\_\_\_\_
  - b. (\_\_\_\_\_ hours for supervisory employees x \$\_\_\_\_\_ per hour) \$\_\_\_\_\_
- 4. Holidays
  - a. (\_\_\_\_\_ hours holiday pay for productive employees x \$ per hour) \$\_\_\_\_\_
  - b. (\_\_\_\_\_ hours holiday pay for supervisory employees x \$ per hour) \$\_\_\_\_\_
- 5. Subtotal Labor Cost (sum of lines 1 through 4) \$\_\_\_\_\_
- 6. Health & Welfare (\_\_\_\_\_ hours x \$\_\_\_\_\_ per hour) \$\_\_\_\_\_
- 7. Workers' Compensation (\_\_\_\_\_ % of total Labor Cost on line 5) \$\_\_\_\_\_
- 8. Payroll Taxes (\_\_\_\_\_ % of total Labor Cost on line 5) \$\_\_\_\_\_
- 9. Other Fringe Benefits \$\_\_\_\_\_
- 10. Subtotal Fringe Benefit Costs (sum of lines 6 through 9) \$\_\_\_\_\_
- 11. Total Labor & Fringe Benefit Costs (sum of lines 5 & 10) \$\_\_\_\_\_

**OTHER DIRECT COSTS**

- 12. Supplies & Materials (\_\_\_\_\_ % of line 11) \$\_\_\_\_\_
- 13. Equipment (\_\_\_\_\_ % of line 11) \$\_\_\_\_\_
- 14. Uniform Purchase or Rental (\_\_\_\_\_ employees x average) \$\_\_\_\_\_
- 15. Uniform Maintenance (\_\_\_\_\_ employees x \_\_\_\_\_ weeks x \$\_\_\_\_\_ per week) \$\_\_\_\_\_
- 16. Subcontracts \$\_\_\_\_\_
- 17. Total other direct costs (sum of lines 12 through 16) \$\_\_\_\_\_

**INDIRECT COSTS**

- 18. General & Administrative (\_\_\_\_\_ % of line 11 plus line 17) \$\_\_\_\_\_

**PROFIT**

- 19. Profit (\_\_\_\_\_ % of line 11 plus line 17) \$\_\_\_\_\_
- 20. Total Indirect Costs (sum of lines 18 & 19) \$\_\_\_\_\_

**GOVERNMENT'S ESTIMATE**

- 21. Reasonable Contract Price (sum of lines 11, 17, & 20) \$\_\_\_\_\_

Estimate Prepared by:

(Signature)

(Date)

## INSTRUCTIONS

Line 1 - Use past contracts of like work as a guide to estimate the man-hours and labor categories required. Multiply these hours by the labor category minimum wage specified on the Wage Determination issued by the Department of Labor (DOL). The Wage Determination can be obtained from you Operational Contracting Office.

Line 2 - Supervisory hourly rates can be estimated by comparing labor categories of government employees to the supervisory tasks of the requirement. This information can be obtained from your Civilian Personnel Classification Division.

Line 3 - Estimated vacation hours should be based on the vacation requirements specified in the Wage Determination or collective bargaining agreement. The wage rates used to compute vacation pay are those specified on lines 1 and 2.

Line 4 - The hours of holiday pay should be determined by multiplying the number of holidays specified on the Department of Labor Wage Determination by average @ productive man-hours indicated on line 1 and average @ supervisory man-hours indicated on line 2. Multiply the hours of holiday pay for productive employees by the hourly wage specified on the Wage Determination and for supervisory employees by the estimated supervisory hourly rate.

Line 6 - Multiply the sum of the man-hours listed in lines 1, 2, 3(a), 3(b), 4(a), and 4(b) by the per-hour Health and Welfare benefit specified on the Wage Determination.

Line 7 - The percentage used to estimate workmen's compensation can be based on an average of the percentages cited in cost breakdowns submitted in response to Requests for Proposal (RFP) for similar services. Average at least three offers.

Line 8 - Payroll taxes should include Social Security (FICA), Federal Unemployment Insurance (FUI), and State Unemployment Insurance (SUI). For current rates, contact your contracting office.

Line 9 - Other fringe benefits include items such as sick leave, pensions, etc., which are not listed on the Wage Determination. To identify and calculate other fringe benefits, use the calculation method of past contracts (past government estimates, past contractor cost proposals, and/or the Defense Contract Audit Agency) of similar work or contact local companies that provide similar work for calculation assistance.

Line 12 - The percentage used to estimate supplies & materials should be based on previous contracts of similar services. Examine cost breakdowns on at least three recent contracts of similar service to deter-

mine what percent of the direct cost the supplies & materials represent. Average the three percentages obtained and insert the result in line 12.

Line 13 - The percentage used to estimate equipment should be based on previous contracts of similar services. Examine cost breakdowns on at least three recent contracts of similar service to determine what percent of direct costs the equipment represents. Average the three percentages obtained and insert the result in line 13.

Line 14 - To estimate uniform purchase or rental, research recent contracts of similar service and average the cost of uniform purchase or rental. Estimate the number of employees by totaling the productive hours and supervisory hours and dividing this total by 2080. Then, multiply the number of employees by the average cost of uniform purchase or rental.

Line 15 - Uniform maintenance includes dry cleaning or laundering. When computing uniform maintenance, the estimated number of employees can be established by totaling the productive hours and supervisory hours and dividing this total by 2080. The total number of employees will then be multiplied by the number of weeks in the contract period and the result multiplied by the weekly rate specified by the Uniform Allowance section of the Wage Determination.

Line 16 - Subcontracts should include items that are required by the solicitation and are not included in the productive labor figures listed in line 1.

Line 18 - When estimating General and Administrative (G&A) or overhead costs, you must consider the nature of the work and the extent of the contractor's investment. Small business concerns tend to have higher overhead costs than large business concerns. As a general rule for estimating G&A for service contracts, use 6-10 percent of the total direct labor cost and other direct costs. G&A may include cost items such as professional fees, advertising, loss and bad debt, general insurance, licenses, subscriptions, sales expenses, general office help, etc.

Line 19 - The percentage used to compute profit will depend on the size of the contract, degree of risk, nature of work, and the type of contract. The greater the liability or risk is, the higher the profit rate will be. A good estimated basis is 5-15 percent.

## Chapter 2

### FUNDING

**2.1. Funding.** Funding must be available to cover the basic contract period of a contract. An AF Form 9 is funded by annual appropriations, and the contract it funds cannot cross fiscal years unless authorized by law or the service cannot be segregated for separate performance in each fiscal year. Indefinite quantity or requirements type contracts may extend beyond the fiscal year in which it begins because these types of contracts are funded by delivery orders issued against the contract rather than the contracts themselves. If a contract has an award fee feature, funds must be available to cover the first award fee period, and in some cases, the fee must be funded up-front at time of award.

**2.2. AF Form 9, Purchase Request.** It is always preferable to have a funded AF Form 9. However, a Contracting Officer may initiate a contracting action with a "planning" AF Form 9, provided the AF Form 9 contains a statement from the Budget Office that the funds will be available. Contact your contracting office or the Budget Office for the wording of this statement. A contract may be completed to the point of the Contracting Officer's signature, but it may not be signed or approved before funds are available. The contract will not be delivered to the contractor nor will the contractor be notified of the award until funds are certified. A "planning" AF Form 9 is most often used when the contract will not be signed or performance will not begin until the next fiscal year. The Contracting Officer may initiate a contracting action properly chargeable to funds of the new fiscal year before these funds are available provided the contract includes the clause 52.232-18, *Availability of Funds*. This authority may be used only for operation and maintenance and continuing services necessary for normal operations and for which Congress previously had consistently appropriated funds, unless specific statutory authority exists. Once funds are certified for the new fiscal year, the Contracting Officer must provide the contractor with a written notice confirming that funds are available.

**2.3. Fund Types.** Congress appropriates several general types of funds that are intended for different purposes. Service contracts are funded via operation and maintenance (O&M) accounts that are funded by annual appropriations. Congress intends that O&M funds are more appropriate to cover the normal, recurring, mission-related operations of an agency. In order to use O&M funds, agencies are expected to forecast their monthly, quarterly, and year-to-year requirements with a high degree of accuracy. The AF Form 9 total is the basic year total from your government cost estimate (The AF Form 9 must be submitted to contracting with the Statement of Work and cost estimate to initiate the acquisition process). Option years may be identified in the description block of the form but not included in the total amount.

## Chapter 3

### STATEMENTS OF WORK

**3.1. Performance-Based Requirement.** Statements of Work (SOW) for service requirements must be prepared in accordance with Air Force Instruction (AFI) 63-124. The SOW should be performance based; that is, describe the work in terms of "what" is to be the required output rather than either "how" the work is to be accomplished or the number of hours to be provided. In developing the SOW, identify requirements that are flexible and geared to commercial practices as identified through market research. Market research is a mandatory requirement for generally all services contracts in accordance with Federal Acquisition Regulation (FAR) Part 10. Include requirements that enable assessment of work performance against measurable performance standards or provide incentives that encourage competitors to develop and institute innovative and cost effective methods of performing the work. Use historic and projected workload data. Keep government publications, instructions, etc., to a minimum and cite only the specific paragraph or chapter rather than the entire publication. Use experience and lessons learned from previous contracts, job analysis, and/or process analysis to define your requirements before preparing the SOW. Although you have the option to use either job or process analysis, using both is recommended to assure complete understanding and coverage of the requirement. The format for the SOW consists of only five sections: Description of Services, Service Delivery Summary, Government Furnished Property and Services, General Information, and Appendix(s).

**3.2. Job Analysis.** The design of a SOW and the QASP is based on a systematic analysis of the function. Job analysis consists of a step-by-step review of the requirement to arrive at the specific output or services to be accomplished and associated standards. Whether the requirement is new or previously outsourced, a job analysis is a good way to determine the specific inputs, outputs, and performance standards. In the first phase of developing a SOW, the analysis starts with information on how the job is currently being done and ends with the performance output requirements. When identifying the processes, conduct a commercial-market research and merge commercial and government standards to acquire a more efficient business practice.

3.2.1. Begin by reviewing the current organization, then identify the services provided and outline all the processes required to do the job.

3.2.2. The next step is to prepare a tree diagram. A tree diagram breaks a job into smaller and smaller parts. Each part brings about a final result (output) or service.

3.2.3. Take each part of the tree diagram and break it into input, work, and output. Input is what is needed to do the job, work is what steps are needed to do the job, and output is what the work produces. During this step, decide with management what outputs are to be contracted and what will remain in-house.

3.2.4. After selecting the services on the tree diagram that are to be contractor provided, data can be gathered for these services. In this step, collect data on how much input is required to do the job and how the output is furnished.

3.2.5. Each service to be contracted has a performance requirement assigned. Decide how the service can be measured and, with management, determine what standards apply and what performance requirement is needed for that service.

3.2.6. The next step is to analyze directives. During this step, do a directive “scrub” to determine which directives apply to the service. Directives must be held to a minimum. In making this determination, keep in mind that it is not the Air Force's concern as to how the services are performed but, rather, what the results are. Only those directives that absolutely must be followed for mission accomplishment, safety, or legal reasons should be imposed on the contractor.

3.2.7. The last step before beginning to write the SOW is to analyze costs. Estimate the number of personnel, equipment, and supplies needed and prepare the estimated contractor cost for providing the service (see [Chapter 1](#)). These costs are used in preparing the government estimate and for evaluating contractor proposals in negotiated procurements.

**3.3. Process Analysis.** When acquiring services that have been previously contracted or for which you have a standardized SOW, a process analysis by a team of functional experts may be used to determine performance requirements for the SOW.

3.3.1. Use the experience and lessons learned from the predecessor contract to develop the SOW. The team of functional experts may conduct a page-by-page review of the previous SOW, including changes/modifications, to ensure the SOW identifies all requirements and needs. The team of functional experts must include personnel with direct experience and knowledge of the predecessor contract performance. Also, the functional team may review SOWs from other bases for ideas to add or eliminate requirements.

3.3.2. Functional experts may also use standardized SOWs when available. A standardized SOW will ensure compliance with AFI 63-124 format, essential language is not omitted, and ambiguities are minimal. Standardized service contract boilerplates and existing service contracts can be accessed on AFCEA's home page on the World Wide Web at <http://www.afcesa.af.mil>.

**3.4. Who Writes the SOW?** The Functional Director or Commander assigns competent and capable functional experts who are responsible for developing the requirement package, which includes the SOW. To ensure past improvements, problems, etc., are identified based on the previous contract, the Quality Assurance Evaluator(s) should be actively involved in the initial SOW preparation.

3.4.1. The development of a quality SOW is a team effort of personnel from the functional area, manpower office, security police, safety, contracting office, and other organizations as appropriate for the specific requirement. It is imperative that the team does not rush through the development of the SOW. To write a quality document, the team must begin writing early to assure the SOW is thorough, clear, and timely.

3.4.2. Once the SOW is drafted, it should be submitted to other organizations for their contributions. For example, Security Forces requires specific information to be included in a SOW for both classified and unclassified acquisitions.

3.4.3. The contracting office is responsible for advising and assisting the functional team in preparing the SOW. When a draft SOW is submitted to the contracting office for early editing, ambiguous language and misstatements may be avoided.

**3.5. Service Delivery Summary (SDS).** AFI 63-124, paragraph 3.1, requires every SOW to have a SDS. The SDS summarizes the performance objective (the services required) and the performance threshold (the specific standard required). Following are some examples of SDSs that might be used:

**Figure 3.1. Custodial SDS (Example).**

Performance Objective	SOW Paragraph	Performance Threshold
<p>Basic Cleaning Services:</p> <p>Floors, stairways, and carpets are sanitized and free of debris; baseboards, corners, and wall edges are free of dust; trash is empty; plastic liners are in good condition; trash containers are free of odors and visible dirt; trash is emptied into outdoor trash collection container; ash containers are emptied and rinsed; glass and mirrors free of dirt and smudges; drinking fountains are sanitized; dust is not visible.</p>	1.1	3 customer complaints per month or 1 recurring customer complaint per month.
<p>Basic Restrooms/Locker Rooms Cleaning Services:</p> <p>Restrooms and lockers are disinfected; showers are sanitized and free of soap scum; toilets and urinals are sanitized and free of scum or deposits; floors are sanitized; supplies are adequate until next service.</p>	1.2	3 customer complaints per month or 1 recurring customer complaint per month.
<p>Periodic Cleaning Services:</p> <p>Floors have a glossy uniform appearance; windows are free of dirt and smudges; carpets are sanitized.</p>	1.3	3 customer complaints per month or 1 recurring customer complaint per month.
<p>Emergency or Special Event Cleaning Services:</p> <p>Items are sanitized, free of dirt and debris, and maintained as required.</p>	1.4	0 defects per event (100% of the time)

**Figure 3.2. Grounds Maintenance SDS (Example).**

<b>Performance Objective</b>	<b>SOW Paragraph</b>	<b>Performance Threshold</b>
Maintain Improved and Semi-Improved Grounds: Grass is maintained within proper height for its area; Sod does not need to be replaced; Sod is healthy and looks well maintained.	1.1 and 1.3	3 customer complaints per month or 1 recurring customer complaint per month.
Maintain Trees, Shrubs, Broadleaf Evergreens, Hedges, and Perennial Flowers: Plants flourish and do not need to be replaced; have adequate drainage and mulch; do not show any sign of disease or pests; appear healthy; are pruned properly and in a timely manner; are trimmed properly; bedding areas mulched and free of weeds, grass, and debris; fertilizer and soil amendments are applied; soil is aerated.	1.4	3 customer complaints per month or 1 recurring customer complaint per month.
Maintain irrigation system and replace parts as necessary.	1.5	3 customer complaints per month or 1 recurring customer complaint per month
Remove Snow & Ice: Snow and Ice is removed and does not accumulate; Paved areas are safe for the vehicle or pedestrian traffic intended; Areas have adequate de-icing material for the conditions.	1.6.1.1	3 customer complaints per month or 1 recurring defect per month.
Maintain Sand Barrels: Barrels are in their correct locations; barrels are adequately filled; Area surrounding barrels is neat to the appearance.	1.6.1.2	3 customer complaints per month or 1 recurring defect per month.
Police grounds of trash and litter: Grounds free of litter.	1.1.5	3 customer complaints per month or 1 recurring customer complaint per month.
Pest control: Pest control plan is reviewed and pests are controlled; Pesticide usage is reported to base officials.	1.1.8	3 customer complaints per month or 1 recurring defect per month.
Emergency and special events must be accomplished as specified for each event	<b>1.2.</b>	0 defects per event (100% of the time)

3.5.1. Ideally, the performance thresholds should align contractor performance with business objectives; focus on critical success factors in meeting performance objective(s); reflect performance goals based on benchmarking studies (market research results); promote continuous improvements in performance and cost; use commercial standards where appropriate.

**3.6. Performance Period.** The time of delivery or performance is an essential contract element and should be clearly stated in the SOW. Performance schedules that are unreasonably tight or difficult to meet can restrict competition and increase contract prices.

## Chapter 4

### BID SCHEDULES

**4.1. Definition.** The bid schedule is located in Section B of the contract. The bid schedule is usually the list of primary tasks identified from the SOW, the quantity required, and the price of each. When the solicitation is issued, the price columns will be blank. Contractors will enter their prices for each task line item when they submit their offer.

**4.2. CLINS.** Task line items of the bid schedule are called Contract Line Item Numbers, simply referred to as CLINs. CLINs consist of four numeric digits, 0001 through 9999. For consistency it is probably a good idea to have each CLIN of the bid schedule mirror the cost estimate and Purchase Request (AF Form 9). (Also see [Chapter 1](#) and [Chapter 2](#).) If you would like to know the value of your SDS items, you may develop your bid schedule to match the SDS items, see example on the following page using the custodial SDS from paragraph [3.5](#) of this pamphlet. The Contracting Officer has overall responsibility for developing the bid schedule but needs your recommendations.

**4.3. SubCLINs.** SubCLINs are contract subline items that provide flexibility to further identify elements within a contract line item for tracking performance or simplifying administration. A subCLIN consists of four numeric digits followed by an alphabetic letter; e.g., 0001AA (Don not use the letters "I" or "O"). It is very helpful if you identify task line items and subline items at the time you write the SOW. If the task is not identified in the bid schedule, it cannot be increased, decreased, or deleted easily after the contract is awarded.

**4.4. Emergencies and Special Events.** Emergency requirements can be established as a not-to-exceed (NTE) line item and fully funded up front. The drawback to this method is the funds are tied up throughout the period of performance of the contract. If funds were not used, they can be deobligated at the end of the period of performance and used by the requiring activity for other efforts. Another method is to establish an emergency CLIN in which delivery orders are issued to order the services. In this way, funds are obligated only when there is a requirement. The drawback to this method is the effort can not begin until the delivery order is awarded. Either method should list the specific tasks as subCLINs to readily identify the costs associated with each task. [Figure 4.1](#) provides a sample of a delivery order bid schedule and how subCLINs can be established.

Figure 4.1. Sample Suggested Bid Schedule.

<b>Section B</b>					
<b>BID SCHEDULE</b>					
<u>CONTRACT</u>					
<u>LINE ITEM</u>					
<u>NO. (CLIN)</u>	<u>SUPPLIES/SERVICE</u>	<u>QTY</u>	<u>UNIT</u>	<u>UNIT</u>	<u>PRICE</u>
				<u>PRICE</u>	<u>AMOUNT</u>
0001	NONPERSONAL SERVICES:  Provide all supervision, personnel, equipment, transportation, material, and other items and services necessary to perform Custodial services at (INSERT NAME OF INSTALLATION) for the period (INSERT PERFORMANCE PERIOD) in accordance with the Statement of Work (SOW) in Section C.				
0001AA	Provide Cat I, Basic Cleaning Service	12	MO	_____	_____
0001AB	Provide Cat I, Restrooms/Locker Rooms Cleaning Service	12	MO	_____	_____
0001AC	Provide Cat I, Periodic Cleaning Service	12	MO	_____	_____
0001AD	Provide Cat II, Basic Cleaning Service	12	MO	_____	_____
0001AE	Provide Cat II, Restrooms/Locker Rooms Cleaning Service	12	MO	_____	_____
0001AF	Provide Cat II, Periodic Cleaning Service	12	MO	_____	_____
0002	Contract Data Requirements List, DD Form 1423 (not separately priced).	N/A	N/A	N/A	N/A
<b>TOTAL CLINs 0001 AND 0002</b>					=====
<b>(FUNDED BY MAJCOM)</b>					

**(THE BASE SHOULD DUPLICATE THE BID SCHEDULE FOR EACH OPTION YEAR. IT IS RECOMMENDED THAT A BASIC PLUS FOUR OPTION YEARS CONTRACT BE USED.)**

**CONTRACT  
LINE ITEM**

<b><u>NO. (CLIN)</u></b>	<b><u>SUPPLIES/SERVICE</u></b>	<b><u>QTY</u></b>	<b><u>UNIT</u></b>	<b><u>UNIT PRICE</u></b>	<b><u>AMOUNT</u></b>
0003	Provide Emergency or Special Event cleaning service as required by paragraph 5.6. of the PWS**. Delivery orders shall be issued by the contracting officer to order the services listed below.				
0003AA	Vacuum Carpet		SF	_____	_____
0003AB	Sweep Floor	*	SF	_____	_____
0003AC	Mop Floor	*	SF	_____	_____
0003AD	Clean Walk Off Mats	*	SF	_____	_____
0003AE	Remove Trash	*	SF	_____	_____
0003AF	Clean Drinking Fountain	*	SF	_____	_____
0003AG	Clean Glass	*	SF	_____	_____
0003AH	General Spot Cleaning	*	SF	_____	_____
0003AJ	Clean/Shampoo Carpet	*	SF	_____	_____
0003AK	Clean Stairways	*	SF	_____	_____
0003AL	Maintain Floors	*	SF	_____	_____
0003AM	Clean Restrooms/Locker Rooms	*	SF	_____	_____
<b>TOTAL CLIN 0003 (FUNDED BY BASE)</b>					
<b>TOTAL CLINs 0001 – 0003</b>					=====
<b>BASIC CONTRACT YEAR</b>					
					=====

\* **BASE INSERTS ESTIMATED QUANTITIES.**

\*\***PWS: Performance Work Statement**

1. BASES MAY ADD OTHER ITEMS UNDER CLIN 0003 PROVIDED ITEMS ARE COVERED IN THE SOW.
2. CLIN 0003 IS FUNDED BY THE INDIVIDUAL BASE, NOT THE MAJCOM.
3. CONTRACTING OFFICER MUST ADD REQUIREMENTS AND ASSOCIATED CLAUSES FOR CLIN 0003.

## Chapter 5

### QUALITY ASSURANCE

**5.1. Introduction.** The quality control of a contractor's performance is the responsibility of the contractor; however, government surveillance is required to ensure we receive the contracted services and pay for the actual services received. The Functional Director or Functional Commander and Quality Assurance personnel establish the procedures for government technical surveillance of contractor performance. (See AFI 63-124 for surveillance instructions.)

**5.2. Functional Area Responsibility.** The functional area retains overall responsibility to see that the service is provided to the base if the function is contracted but does not have the authority over actual performance of the function. By law, only a duly appointed Contracting Officer may enter into a contract and provide direction to contractors. The functional area must work through the Contracting Officer to meet its responsibilities for a contracted function.

**5.3. Functional Commander/Director.** The Functional Director or Functional Commander has government program management responsibility for contracted services which provide some or the entire functional mission; e.g., the Civil Engineering Squadron Commander. The Functional Director or Functional Commander is authorized to appoint Quality Assurance (QA) personnel for contracts administered by personnel under the Organizational Commander's chain of command.

5.3.1. Roles and Responsibilities. The key management duties of the Functional Director or Functional Commander are as follows:

5.3.1.1. Assign competent and capable functional experts to the Business Requirements and Advisory Group (BRAG) who will be available full time or as warranted by the procurement cycle. (See Chapter 7.)

5.3.1.1.1. Functional experts assigned to the BRAG shall maintain functional knowledge.

5.3.1.1.2. Functional experts assigned to the BRAG shall have priority for continuing education.

5.3.1.1.3. Functional experts assigned to the BRAG shall provide functional continuity and stability.

5.3.1.2. Develop and deliver the requirements package(s) in order to ensure timely award of the contract.

5.3.1.3. Assign primary and alternate QA personnel in accordance with AFI 63-124. Ensure QA duties take precedence over all other duties. Ensure QA personnel are appointed in writing and trained prior to assuming QA responsibility. Forward appointment letter to the Contracting Officer.

5.3.1.4. Prepare and coordinate exemptions to AFI 63-124, attachment 2.

**5.4. Quality Assurance Personnel.** A primary and an alternate QA person should be appointed as early in the acquisition cycle as possible. Ideally, the QA should be chosen early enough to be fully involved in the development of the SOW.

5.4.1. Roles and Responsibilities. QA personnel conduct contract surveillance and perform quality assurance functions as follows:

5.4.1.1. Evaluates and documents contractor's performance in accordance with the Quality Assurance Surveillance Plan (QASP).

5.4.1.2. Notifies the Contracting Officer of any significant performance deficiencies.

5.4.1.3. Maintains surveillance documentation.

5.4.1.4. Recommends improvements to the SOW and QASP throughout the life of the contract.

## 5.5. Quality Assurance Personnel and Training.

5.5.1. Personnel. The number of QA personnel and the civilian/military mix depends upon the technical expertise required, the risk associated with unacceptable performance, and the number and amount of contracts. Assigning QA duties to civilians is preferred due to exercises, contingencies, etc.

5.5.2. Training. QA personnel must receive both Phase 1 and Phase 2 training prior to assuming QA responsibilities. The Functional Commander must receive training prior to commencement of duties.

5.5.2.1. Quality Assurance Program Coordinator (QAPC) training is conducted by AETC. The QAPC must complete this training prior to conducting Phase 1 training.

5.5.2.2. AETC instructors develop Phase 1 training materials. The QAPC uses these training materials to conduct Phase 1 training.

5.5.2.3. The contract administrator for each assigned contract conducts Phase 2 training. The training includes a review and discussion of the contract and SOW; highlights of contract areas susceptible to fraud, waste, and abuse as well as high-risk technical areas; properly certifying acceptance of services; properly maintaining and submitting QA documentation and past performance information; duties and responsibilities as a member of the BRAG.

**5.6. Quality Assurance Surveillance Plan (QASP).** The BRAG develops the QASP. The QASP identifies the same performance objectives as the SDS, performance measurements identified in the SDS, error rates permitted, and method(s) of surveillance (See [Chapter 3](#)).

5.6.1. Purpose. The QASP, which is provided to the contractors as an attachment to the solicitation, provides contractors with information on contract requirements, the level of performance expectations and how the Air Force will confirm services are provided. The QASP also informs the QA of how inspection and acceptance of services are to occur. It is tailored to each individual contract and may change after contract award based on the winning contractor's quality control plan. The QASP should be as simple as possible and used to verify that the Air Force received the contract-required service.

5.6.2. Methods of Surveillance. Some form of Air Force surveillance is required for acceptance of services. If contract nonconformance can be validated by customer complaints, the customer complaint method of surveillance should be used. Whenever possible, allow contractors to perform surveillance as part of their quality control program. Contractors should submit written documentation of their quality control results for QA validation, if needed. The preferred course of contract remedy is re-performance of services at no additional cost to the Air Force.

5.6.3. QA Dos and Don'ts. The following guidance will assist you in carrying out your duties and responsibilities as a QA:

**DOs:**

1. Represent the Contracting Officer in all technical matters concerning the contract.
2. Consult with the Contracting Officer when in doubt about any matter involving a contract or contractor.
3. Assist the Contracting Officer to ensure complete and timely performance by the contractor.
4. Assist in developing and use the surveillance plan necessary for each contract.
5. Keep abreast of the contractor's performance through proper monitoring.
6. Work with other functions in handling contractor matters like government-furnished property (Supply) and base passes (Security Police) for contract personnel.
7. Give the contractor fair and equal treatment.
8. Accept the services for the government and forward a receiving report/certification of services to the Contracting Officer each month.

**DON'Ts:**

1. Make any agreement with a contractor relating to the commencement of any work or the expenditure of any government funds.
2. Encourage a contractor by words, actions, or a failure to act to begin work either on a new proposed effort or on an extension of work beyond the period set forth in an existing contract.
3. Act in any way with contractor or contract employees that may create an impression of favoritism.
4. Monitor a contract so closely and rigidly the contractor will lose direction of the work.
5. Provide any information relating to any potential contract or contract modification to any contractor or individual unless requested by the Contracting Officer.
6. Negotiate or execute a contract, a modification to the contract, or an option to the contract.
7. Make final determinations of a contractor's liability for loss, damage, or unreasonable use of government-furnished material (GFM).
8. Authorize a contractor to obtain property for use under a contract or to use government-furnished property (GFP) in the contractor's possession obligated to another contractor under a second contract.

## Chapter 6

### AWARD FEE

**6.1. Purpose.** The purpose of the award fee is to motivate the contractor to substantially exceed standards and to emphasize key areas of performance and concern. Award fee deals with those areas under contractor control that are subjectively evaluated for quality service. An award fee may be used with any type of contract. Generally, award fee determinations made are not subject to the “Disputes” clause of the contract.

**6.2. Flexibility.** One of the principal advantages of the award fee is its flexibility and adaptability. It can be used at any stage of the requirement. It can be used to evaluate any manufacturing process, technical discipline, or management function within the firm. The fee and the award criteria are determined solely by the government. As the requirements change, or if problems should arise, the government can, after giving the contractor notice, adjust the evaluation criteria or redistribute the fee pool to indicate to the contractor those areas that are most important to the success of the contract. Most importantly, an award fee is a positive motivator. Its focus is on a win-win philosophy.

**6.3. Award Fee Strategy.** The award fee strategy is captured in the award fee plan (AFP). The AFP is the documented strategy for evaluating a contractor's performance and administratively applying the award fee. It details the evaluation criteria, responsibilities, and procedures for implementing the award fee provision of the contract. The AFP must be tailored to each specific use. This tailoring process is again one of the chief advantages of the award fee because it prevents the administrative burden from becoming disproportionate to the improvement expected in the quality of the contractor's performance and in overall project management. Generally, the AFP includes an introduction, the organizational structure for award fee administration, evaluation requirements, method for determining the award fee, and the method for implementing changes to the plan. Keep the plan simple and current because it must always reflect the objectives of the contract. The AFP may be used in lieu of a surveillance plan in service contracts.

**6.4. Evaluation Team.** The organization of the evaluation team is normally no more than three levels: The Fee Determining Official (FDO), the Award Fee Review Board (AFRB) or Performance Evaluation Board (PEB), and performance monitors. The structure should be as simple as possible. The simpler the plan, the more effective it is likely to be. At all levels of the award fee team, however, professionalism is absolutely essential. The integrity, knowledge, and behavior of the individuals involved, combined with the equity and thoroughness of the evaluations, are the keys to award fee effectiveness.

6.4.1. The top level in the award fee organization is the FDO. The choice of FDO can influence the level of management that the contractor will assign to the program. If the government expects high-level contractor management attention, then we must assign an FDO of equivalent stature such as a base or wing commander.

6.4.2. The FDO's primary responsibilities are to approve the award fee plan and any changes to the plan, determine the amount of the award fee earned and payable to the contractor, and appoint the chairperson of the Award Fee Review Board.

6.4.3. The AFRB is the second part of the award fee evaluation team and is comprised of experienced technical personnel who are generally at least one management level above the performance monitors. The chairperson's responsibility is to ensure that the award fee program runs smoothly and timely.

6.4.4. The performance monitors are the backbone of the award fee process. The monitors deal with the contractors, or their representatives, on a daily basis and are specialized and intimately familiar with the specific areas of performance to be evaluated. The monitors are provided instructions as to what is required of them. The monitors provide reports that support their recommended grades/ scores and may recommend changes to the award fee plan.

**6.5. Subjectivity.** The award fee process, by its very nature, is normally recognized as a subjective evaluation process. However, HQ AFCESA/CEO has developed AFPs that are based on objective criteria for the monitors to use in their evaluations. Also, these AFPs have been automated in Excel spreadsheets to eliminate the time consuming "number crunching" typical of most AFPs. SAF/AQCO has reviewed the AFPs for acceptability. AFPs can be downloaded from the AFCESA web site: [www.afcesa.af.mil](http://www.afcesa.af.mil).

## PART 2

### THE CONTRACTING PROCESS

#### Chapter 7

#### ACQUISITION PLANNING

**7.1. Business Requirements and Advisory Group (BRAG).** The BRAG is a customer-focused multi-functional team formed under the authority of the installation commander.

7.1.1. The Contracting Squadron Commander establishes BRAGs to plan and manage service contracts throughout the life of the contract(s). A BRAG is required for every requirement subject to AFI 63-124. The requirement may be for a single function, multiple functions, and/or multiple contracts. The number of BRAGs depends upon an installation's requirements and business approach. For example, BRAGs may be formed to support major customers and their requirements, or they may be formed for each contract regardless of the customer.

7.1.2. As a business solution team, the BRAG should consist of cross-functional personnel that plan and manage service contract outcomes to the satisfaction of its customers. Members of the BRAG should possess the needed set of skills, foster the environment needed for them to successfully operate, convey business objectives, monitor progress, and correct/elevate delays or problems not resolvable within the BRAG.

7.1.3. BRAG members' key duties, as a minimum, are to develop business/acquisition strategy with innovative solutions that promote best value business decisions of performance-based service contracts and to provide acquisition planning for new and follow-on contracts. Members should work together to conduct market research, define the requirement, structure the contract, and establish quality assurance.

7.1.4. The BRAG does not replace the Acquisition Strategy Panel.

**7.2. An Acquisition Strategy Panel (ASP).** Acquisition Planning means the process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition. An ASP is a planning meeting with the CE functional experts, contracting office, legal office, security police, manpower office, finance office, and any other organization that you feel can contribute to the planning of the acquisition. Its purpose is to discuss and make decisions about the acquisition strategies and options available. With help from each organization, the Contracting Officer makes the final decision on contract type, set aside, inclusion of award or incentive fees, and method of contracting. Although the Contracting Officer has the ultimate responsibility for the acquisition, inputs from all team members are helpful in planning the acquisition. (Far Part 7 and Supplements)

7.2.1. An ASP is required on high dollar acquisitions, all source selections, OMB A-76 cost studies, and complex acquisitions. Check with your Contracting Office to determine if an ASP is required. If your Contracting Office does not require a formal ASP, request an informal planning meeting to help get the acquisition off to a clean start.

7.2.2. As a rule of thumb, an ASP is convened when the draft SOW is received by the Contracting Office and serves as the starting point for the acquisition milestones.

7.2.3. Never go into an ASP without an idea of what you would like to do. Some decisions are cut and dry, but others are not. If you know an issue will be controversial, be prepared by having the facts and your decisions supported by regulations whenever possible.

7.2.4. Cover each topic as quickly and completely as possible. However, if an issue becomes a problem, it is better to table a discussion or have another meeting to prevent dragging the meeting on or causing irritations. You don't necessarily have to solve all the problems identified in the ASP, but you can plan who will work what problem and when it will be resolved. Make sure everyone understands what they need to do and what suspense they have. If anyone misses a due date, the contract start date may slip.

7.2.5. Your Contracting Officer will document the meeting and send you a copy. These minutes should not only state what decisions were made, but "how" the decision came about. If asked a question next year as to why the acquisition was developed the way it was, you will have a written document to answer all questions.

## Chapter 8

### REQUIRED SOURCES OF SERVICES

**8.1. Required Sources.** The Contracting Officer implements laws established by Congress to further certain socioeconomic programs. These laws establish, among other things, an order of precedence for the government to use in obtaining its services. The Contracting Officer must use in descending order of priority the following sources to solicit and award services contracts in compliance with FAR Part 8: (1) services available from the Committee for Purchase From People Who Are Blind or Severely Disabled; (2) mandatory Federal Supply Schedules; (3) optional Federal Supply Schedules; (4) Federal Prison Industries, Inc.; (5) commercial sources.

8.1.1. The Committee for Purchase From People Who Are Blind or Severely Disabled [traditionally referred to as National Industries for the Blind (NIB) and National Institute for the Severely Handicapped (NISH)] is an independent government activity with members appointed by the President of the United States. It is responsible for maintaining a Procurement List of all services required to be purchased from Javits-Wagner-O'Day (JWOD) participating nonprofit agencies, establishing prices for the services, and establishing rules and regulations to implement the JWOD Act.

8.1.1.1. Ordering services from commercial sources rather than from the Procurement List may only be done if the JWOD nonprofit agencies cannot provide the services economically or within the time required.

8.1.1.2. JWOD agencies shall be required to comply with the highest quality standards of similar services available in the commercial market.

8.1.2. The Department of Defense (DoD) does not require the Air Force to be a mandatory user of any schedule. Although the Defense Federal Acquisition Regulation (DFAR) Part 208 requires maximum use of the Federal Supply Schedule, Contracting Officers can use other procurement procedures if competition will produce better quality, responsiveness, and cost. The Federal Supply Schedule program, directed and managed by the General Services Administration (GSA), provides Federal agencies with a simplified process for obtaining commonly used commercial services at prices associated with volume buying. Indefinite delivery contracts are established with commercial firms to provide services at already established prices. When ordering offices place orders under the Federal Supply Schedules, they do not need to seek further competition, synopsise the requirement, make a separate determination of fair and reasonable pricing, or consider small business programs. GSA has already determined the prices of services under schedule contracts to be fair and reasonable. Therefore, all purchases made under a schedule contract represent best value and the lowest overall cost alternative available.

8.1.3. Federal Prison Industries, Inc. (FPI) is also referred to as UNICOR and is a self-supporting government corporation of the District of Columbia. Agencies are **encouraged** to use the facilities of FPI to the maximum extent practicable in purchasing services that are listed in the Schedule of Products made in Federal Penal and Correctional Institutions. To obtain a copy of the Schedule, write to Federal Prison Industries, Inc., Department of Justice, Washington, DC 20534.

8.1.4. Commercial sources are companies/firms that provide services to the commercial marketplace as well as government agencies. Federal law (10 U.S.C. 2323) sets a goal for the DoD to award five percent of contract and subcontract dollars to small disadvantaged business (SDB) concerns, histori-

cally black colleges and universities, and minority institutions. The law also requires the government to maximize the number of such entities in DoD contracting and subcontracting.

**8.2. Small Business Program.** The Small Business Program is a socioeconomic program authorized by the Small Business Act (15 U.S.C. 631, et seq.), applicable sections of the Armed Services Procurement Act (10 U.S.C. 2302, et seq.), the Federal Property and Administrative Services Act (41 U.S.C. 252), section 7102 of the Federal Acquisition Streamlining Act of 1994 (P.L. 103-355), 10 U.S.C. 2323, and E.O. 12138, May 18, 1979.

8.2.1. The Small Business Administration (SBA) was established to implement the Small Business Program. The SBA counsels and assists contracting personnel to ensure that a fair proportion of contracts for services is placed with small business.

8.2.2. Section 8(a) of the Small Business Act [15 U.S.C. 637(a)] established a program that authorizes the SBA to enter into all types of contracts with the government and subcontract to small, disadvantaged firms eligible for program participation. The SBA's program is referred to as the 8(a) program and the subcontractors are referred to as 8(a) contractors.

8.2.3. The purpose of small business set-asides is to award certain acquisitions exclusively to small business concerns, including 8(a) contractors. The Contracting Officer must consider offering the acquisition to an 8(a) contractor then to a SDB or small business. Only after determining there is no capable 8(a) contractor or small business available can the Contracting Officer consider a large business.

## Chapter 9

### PRE-BID/PRE-PROPOSAL CONFERENCES AND SITE VISITS

**9.1. Pre-bid/Pre-proposal Conference.** A pre-bid/pre-proposal conference (pre-bid for sealed bid contracts and pre-proposal for negotiated contracts) may be used as a means of briefing prospective offerors and explaining complicated specifications and requirements. A conference is scheduled after the solicitation has been issued and must be held before the date the prospective contractor proposals are due. (FAR Parts 14 and 15)

9.1.1. The Contracting Officer is responsible for determining if a pre-proposal conference is required, publishing the time and place of the conference, and arranging for technical and legal representatives to attend. Usually, a pre-proposal conference is accompanied by a site visit.

9.1.2. If time allows, the Contracting Officer may request prospective offerors to submit written questions in advance of the conference. Technical representatives and the Contracting Officer can prepare answers to be delivered during the conference. All questions and answers, those provided in advance and those discussed during the pre-proposal conference/site visit, must be made available to all prospective offerors. The Contracting Officer is responsible for making a complete record of the conference and distributing it to all prospective offerors, whether they attended the conference or not.

**9.2. Site Visit.** The Contracting Officer with the cooperation of the technical representatives organizes a site visit. The purpose of a site visit is to allow the contractors to inspect the site where services are to be performed and to satisfy themselves regarding all general and local conditions that may affect the cost of contract performance. All questions pertaining to the site should be held until returning to the pre-proposal conference.

9.2.1. The prospective contractors are responsible to ascertain all information possible to clarify the requirement. The Contracting Office must make available as much information as possible for contractors to gain a complete understanding of the requirement. If during the conference the participants identify errors in the solicitation, the conference will not be used as a substitute for amending defects or ambiguities in the solicitation. To change the terms and conditions in a solicitation, the Contracting Officer must accomplish a written amendment.

## Chapter 10

### METHODS OF PROCUREMENT/TYPES OF CONTRACTS

**10.1. Methods of Procurement.** Sealed bidding and competitive proposals are both acceptable procedures to use for the acquisition of services. Contracting Officers select the sealed bidding method of procurement when time permits the solicitation, submission, and evaluation of sealed bids; the award will be made on the basis of price and other price-related factors; it is not necessary to conduct discussions with the responding offerors about their bids; and there is a reasonable expectation of receiving more than one sealed bid. If sealed bidding is not appropriate, Contracting Officers may request competitive proposals. (FAR Parts 6 and 16)

10.1.1. Invitation for Bids (IFBs) is a method of contracting usually referred to as sealed bids. In an IFB, the contractor is referred to as a bidder and submits a bid. Invitations must describe the requirements of the government clearly, accurately, and completely. Any unnecessarily restrictive requirements that might limit the number of bidders are prohibited.

10.1.1.1. Two-step sealed bidding is a combination of competitive procedures to obtain the benefits of sealed bidding when the user does not have adequate specifications or work descriptions are indefinite or incomplete and require technical evaluation and discussions. Step one consists of the request for, submission, evaluation, and discussion of the technical proposal. No pricing is submitted. The objective is to determine the technical acceptability of the services offered. Step two involves the submission of sealed bids from those who submitted acceptable technical proposals in step one.

10.1.2. Requests For Proposal (RFP) are competitive proposals. They are used when the government intends to evaluate proposals and award a contract after conducting written or oral discussions with all responsible offerors whose proposals meet the evaluation requirements. In a RFP, the contractor is referred to as an offeror and submits an offer/proposal.

10.1.3. Both IFBs and RFPs must be publicized. The Commerce Business Daily (CBD) is the public notification media by which the government agencies identify proposed contract actions and contract awards. The notice of contract action is referred to as a synopsis because it briefly outlines the requirement. The Contracting Officer usually discusses the content of the synopsis with the technical representatives for an accurate description of the requirement. A synopsis must be published in the CBD at least 15 days (less for FAR Part 12 acquisitions) before issuance of the solicitation. Contracting must allow at least a 30-day response time (less for FAR Part 12 acquisitions) for receipt of bids or proposals from the date the solicitation is issued. Prospective offerors respond to the synopsis notice by submitting an oral or written request for a copy of the solicitation to the Contracting Officer.

10.1.4. In an IFB, bids are evaluated without discussion. After the bids are publicly opened and recorded, an award will be made to the responsible bidder whose bid conforms to the solicitation requirements and is most advantageous to the government; i.e., lowest price. Once bids are opened, bidders may not unilaterally withdraw their bids or refuse award of the contract. In the sealed bidding method of acquisition, the Contracting Officer uses only total price and/or price related factors included in the invitation as evaluation criteria to determine contract award.

10.1.5. In an RFP, proposals are evaluated for performance capability as well as price. See [Chapter 11](#) for a discussion of the negotiation process.

10.1.6. Once the lowest priced bidder of an IFB is identified or the successful RFP proposal is determined, the Contracting Officer must make an affirmative determination of the prospective contractor's responsibility. The Contracting Officer may obtain sufficient information by requesting pre-award surveys, researching records and experience data, or requesting the prospective contractor to submit financial and personnel data. The prospective contractor must have adequate financial resources to perform the contract; be able to comply with the required or proposed delivery or performance schedule; have a satisfactory record of integrity and business ethics; have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them; have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and be otherwise qualified and eligible to receive an award under applicable laws and regulations.

**10.2. Types of Contracts.** A wide selection of contract types is available to the government in order to provide needed flexibility in acquiring the required services. The contract types are grouped into two broad categories: fixed-price contracts and cost-reimbursement contracts. Base-level contracts are usually fixed-price contracts and rarely cost-reimbursement. Only firm-fixed-price contracts are used when the method of contracting is sealed bidding. Negotiated contracts may be of any type or combination of types that will promote the government's interest.

10.2.1. Fixed Price Contracts are the most preferred types of contract for base-level acquisitions because the government assumes less risk and the burden is on the contractor to perform satisfactorily. Following are the types of fixed priced contracts used primarily at base level.

10.2.1.1. A firm-fixed-price contract is a fixed-price contract that places the maximum risk and full responsibility for all costs and resulting profit or loss on the contractor. It provides maximum incentives for the contractor to control costs and perform effectively and imposes a minimum administrative burden on the Contracting Officer. A firm-fixed-price contract is suitable for acquiring commercial products and services or services on the basis of reasonably definite functional or detailed specifications when the Contracting Officer can establish fair and reasonable prices.

10.2.1.2. A fixed-price contract with economic price adjustment provides for upward and downward revision of the stated contract price upon the occurrence of specified contingencies. This type of contract may be used when: (a) there is serious doubt concerning the stability of market or labor conditions that will exist during an extended period of contract performance, and (b) contingencies that would otherwise be included in the contract price can be identified and covered separately in the contract. A fixed-price with economic price adjustment should not be used unless the Contracting Officer determines that it is necessary either to protect the contractor and the government against significant fluctuations in costs or to provide for contract price adjustment in the event of changes in the contractor's established prices.

10.2.1.3. A fixed-price contract with an award fee may be used when the government wishes to motivate and reward a contractor for management performance in areas that cannot be measured objectively and where normal incentive provisions cannot be used. Logistics support, quality, timeliness, ingenuity, and cost effectiveness are areas under the control of management that may be susceptible only to subjective measurement and evaluation.

10.2.1.4. A firm-fixed-price, level-of-effort term contract requires the contractor to provide a specified level of effort on work that can be stated only in general terms and requires the govern-

ment to pay the contractor a fixed dollar amount. This type of contract is suitable for investigation or study in a specific research and development area. The product of the contract is usually a report showing the results achieved through application of the required level of effort. Payment is based on the effort expended rather than on the results achieved.

10.2.1.5. A fixed-price incentive contract is a fixed-price contract that adjusts profit and establishes the final contract price by a formula based on the relationship of final negotiated total cost to total target cost. Fixed-price incentive contracts include a target cost, a target profit or fee, and a profit or fee adjustment formula. If the actual cost meets the target cost the target profit or fee will be paid. If the actual costs exceed the target cost, a downward adjustment of the target profit or fee will be made. Finally, if the actual cost is below the target, an upward adjustment to the target profit or fee will be made.

10.2.2. Indefinite-Delivery Contracts may use firm-fixed-price contracts, fixed price with economic price adjustment contracts, or fixed prices with prospective redetermination contracts. There are three types of indefinite-delivery contracts: definite-quantity contracts, requirement contracts, and indefinite-quantity contracts. The appropriate type of indefinite-delivery contract may be used when the exact times and/or quantities of future deliveries are not known at the time of contract award.

10.2.2.1. Definite-quantity contracts provide for delivery of a definite quantity of specific services for a fixed period, with deliveries to be scheduled at designated locations upon order. This type of contract may be used when it can be determined in advance that a definite quantity of services will be required during the contract period and services are regularly available or will be available after a short lead time.

10.2.2.2. Requirements contracts are used to fill all actual purchase requirements of specific CE services during a specific contract period with deliveries to be scheduled by placing orders with the contractor. A requirements contract may be appropriate for acquiring any service when CE anticipates recurring requirements but cannot predetermine the precise quantities of services needed during a definite period. The Contracting Officer includes in the solicitation and resulting contract a realistic estimated total quantity that may be ordered. This estimate is not a representation to an offeror or contractor that the estimated quantity will be definitely required or ordered. Funds are obligated by each delivery order and not by the contract itself.

10.2.2.3. Indefinite-quantity contracts provide for an indefinite quantity, within limits, of specific services to be furnished during a fixed period and deliveries to be scheduled by placing orders with the contractor. The contract requires the stated minimum quantity of the contract be ordered. An indefinite-quantity contract may be used when CE cannot predetermine, above the minimum, the precise quantities of services that will be required during the contract period. Funds for other than the stated minimum quantity are obligated by each delivery order and not by the contract itself.

10.2.3. Cost-Reimbursement Types of Contracts provide for payment of allowable incurred costs as prescribed in the contract. They are suitable for use only when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use any type of fixed-price contract. Cost-reimbursement contracts are most often used for other than base level acquisitions. FAR Part 16 describes cost reimbursement contracts in detail.

**10.3. Use of Options.** An option is a unilateral right in a contract by which the government may elect to purchase additional, in-scope services or may elect to extend the term of the contract. The Contracting Officer may include options in both sealed bid and negotiated contracts when it is in the government's best interest. (FAR Part 17).

10.3.1. Usually, contracts are written to provide services for a basic year and four one-year options to preserve the continuity of operations and avoid the potential cost of disrupted support. However, the chief of the contracting office making the award may approve total contract periods in excess of five years on a case-by-case basis. Contracts with phase-in or phase-out requirements may be an appropriate situation for a contract in excess of five years. Likewise, if the requirement is known, stable, and recurring, and price and availability in the commercial market is stable during the contract period may be appropriate situations for contracts in excess of five years.

## Chapter 11

### THE NEGOTIATION PROCESS

**11.1. Definition.** Negotiations mean contracting through the use of either competitive or other-than-competitive proposals and discussions. Any contract awarded without using sealed bidding procedures is a negotiated contract. A negotiation is a procedure that includes the receipt of proposals from offerors, permits oral or written discussions, and usually affords offerors an opportunity to revise their offers before award of a contract. (FAR Part 15)

**11.2. Responsibilities.** The cognizant technical official is responsible for the technical and past performance requirements related to the source selection process, including developing the evaluation criteria, evaluating the technical proposals, and recommending the source for contract award. The Contracting Officer is responsible for contractual actions related to the source selection process, including issuing the solicitation; conducting and coordinating cost or price analyses; conducting or controlling all negotiations concerning cost or price, technical requirements, past performance, and other terms and conditions; and selecting the source for contract award.

**11.3. Best Value.** Best Value is a source selection approach that determines whether price, technical approach, past performance, or any combination thereof is the most important evaluation criteria. A clearly defined requirement with minimal risk for unsuccessful performance would most likely consider cost or price as the most important evaluation criteria. Technical or past performance might be the most important evaluation criteria for the unclear requirement with greater performance risk.

11.3.1. A tradeoff process may be appropriate if award to other than lowest priced offeror or to the highest technically qualified offeror is considered. One such technique, Performance Price Tradeoff (PPT), permits tradeoffs between price/cost and the past performance evaluation for technically acceptable proposals. This technique may be applied in acquisitions that include an evaluation for technical acceptability as well as negotiated acquisitions for which price and past performance are the only discriminators. In PPT, tradeoffs do not occur on the basis of technical merit, but on the basis of the comparative assessment of offerors' past performance information and price/cost. The contracting officer is the source selection authority in PPT acquisitions, unless the acquisition-approving official designates otherwise. When using a tradeoff process the evaluation factors and significant subfactors and their importance must be clearly stated in the solicitation. Also, the solicitation shall clearly state the importance of cost or price in relation to the technical/past performance factors. The tradeoff process permits the government to accept other than the lowest priced proposal.

11.3.2. The Lowest Cost (Price)-Technically Acceptable source selection process is appropriate when best value is expected to result from selection of a technically acceptable proposal with the lowest evaluated price. Tradeoffs are not permitted in the Lowest Cost (Price)-Technically Acceptable process. When accomplishing a Lowest Cost (Price)-Technically Acceptable selection:

11.3.2.1. The solicitation must state that award will be made to the lowest evaluated cost (price) offer that meets all the minimum mandatory criteria in the solicitation.

11.3.2.2. The technical team must establish the evaluation standards prior to beginning evaluation of the offers.

11.3.2.3. The evaluation plan should contain sufficient detail to justify a determination of minimum acceptability for each item/factor/subfactor.

11.3.2.4. The technical team should document the rationale evaluations in sufficient detail to explain each pass/fail decision.

11.3.2.5. The contracting officer will make the award decision and ensure all aspects of the award.

**11.4. Oral Presentations.** Oral presentations, if requested by the government, may substitute or augment written proposals. Use of oral presentations may streamline the source selection process. Oral presentations may occur at any time during the acquisition process but are subject to the same restrictions as written proposals regarding timing and content. They provide an opportunity for dialogue among the parties. Pre-recorded videotaped presentations that do not provide for real-time interactive discussions are not considered oral presentations.

**11.5. Exchange of Information.** Consistent with procurement integrity requirements (FAR 3.104) exchange of information among all interested parties from the earliest identification of a requirement through post award is encouraged. Interested parties are potential offerors, users, contracting, and any other personnel involved in the conduct or outcome of the acquisition. The purpose of early exchange of information is to explain government requirements and assist potential offerors decide whether or how they can satisfy the requirements.

11.5.1. Clarifications are exchanges that occur after potential offerors receive the proposal. Clarifications are limited exchanges between the government and offerors that may occur when contract award is made without discussions. Offerors may be given an opportunity to clarify certain aspects of their proposal, such as an explanation of adverse past performance, or resolve minor or clerical errors if discussions will not be conducted.

11.5.2. Communications are information exchanges between the government and offerors after receipt of proposals in order to establish the competitive range (the elimination of technically non-acceptable and non-qualified offerors). Communications shall be limited to offerors who are being considered for elimination because of adverse past performance and whose inclusion or exclusion for the competitive range determination is uncertain. Communications may be conducted to enhance government understanding of proposals or facilitate the evaluation process, as well as address ambiguities, perceived deficiencies, errors, weaknesses, relevant past performance, etc. However, communications at this point are not used to correct or cure proposal deficiencies or omissions through proposal revisions. Communications are for the purpose of deciding whether or not to place a proposal in the competitive range.

**11.6. Technical Evaluation.** A technical evaluation is an assessment of each offeror's ability to accomplish the technical requirements. This is not an evaluation of dollar amounts but rather the information behind the dollar amounts, such as the number and kinds of labor hours, number of computer hours, number of trips, and quantities or kinds of materials proposed. Following are the suggested steps to ensure a comprehensive review.

11.6.1. Step One: Read the Statement of Work (SOW). When using a trade-off process, read the Source Selection Plan (SSP).

11.6.2. Step Two: Read the Offeror's entire proposal.

11.6.3. Step Three: Read and understand the evaluation criteria and standards. In this iteration of the review process, be fairly "picky." Several relatively small complaints may begin to show a general trend that could be combined into a single weakness upon completion of the review. In the evaluation narration, include proposal or SOW page and paragraph numbers as a reference in the remarks. The references can be useful in resolving disputes over interpretation. Summarize the *adequacy* of the offeror's approach to the whole factor rather than summarizing *what* the offeror proposed unless to make a specific point. Next, comment on the offeror's specific performance regarding each standard in this factor. "OK" is sufficient if the offeror simply meets the standard. "Evaluator not qualified" is a reasonable comment when appropriate. But, if a strength or weakness is identified, annotate it using complete sentences to describe the situation and make strengths and weaknesses clear. If it is a fairly significant weakness, write a brief statement as to the potential negative impact that it could have on the program, and write an evaluation notice (EN) to go with it. Each candidate EN should include a proposal and/or SOW reference. Significant strengths should be accompanied by a brief statement as to the benefit to the government, such as reduces operating cost, reduces risk, increases performance, etc., and a discussion of why it is a benefit. List questions, the answers to which would help in completing the evaluation of the factor. If something in the offeror's approach that introduces an element of risk with regard to the offeror's ability to accomplish the job, or which may effect schedule or cost, explain what the risk is and why it could affect the program; and record it. Now go back and prioritize the strengths and weaknesses. Write ENs for each weakness above. Write strengths/weaknesses for each EN. Ensure ENs are easily tracked to their source. Repeat this procedure for each factor. Repeat this procedure for each proposal.

11.6.4. Step Four: Consolidate the strengths and weaknesses for each offeror. The recorder should start working on the first proposal when the personnel are working on the next proposal. The recorder should consolidate all the strengths and weaknesses by item/factor either on the Strength/Weakness charts or on easel paper so the team may work through the wording, validity, severity, and ranking of the issues.

**NOTE:** Do not compare offerors. If two offerors did the same thing, use the same words to describe the problem or strength and give it the same emphasis. This drives out what the true differences are between two similar sounding evaluations.

**11.7. Competitive Range.** If discussions will be held, the contracting officer must establish a competitive range of the most highly rated proposals. If the proposal terms permit, the number of offerors in the competitive range may be limited to permit an efficient competition among the most highly rated proposals. If the contracting officer decides that an offeror's proposal should no longer be included in the competitive range, the proposal may be eliminated from consideration of possible contract award.

**11.8. Discussions.** Negotiations take place after establishment of the competitive range and are called discussions. The purpose of the discussions is to allow the offerors to revise their proposal in order to allow the government to select the offer that is considered the best value to the government. Negotiations include bargaining which includes persuasion, give and take, assumptions and positions and may apply to price, technical requirements, type of contract, or other terms and conditions. The contracting officer's judgment determines the scope and extent of discussions. Proper matters for discussions include but are not limited to weaknesses, deficiencies, cost, price, technical approach, past performance, and other terms and conditions.

11.8.1. Do not favor one offeror over another. Do not reveal an offeror's unique technology, innovative ideas, or any other information that would compromise an offeror's proposal. Do not reveal an offeror's price without that offeror's permission. **However, the Contracting Officer may inform the offeror that the government considers his/her price too high or too low and reveal why the government thinks so. It is also proper for the Contracting Officer to reveal what the government considers a reasonable price.** Do not reveal the names of persons providing past performance information.

**11.9. Debriefings.** Offerors excluded from the competitive range have the option to request a debriefing before award or delay the debriefing until after award. However, offerors are entitled to no more than one debriefing for each proposal. Debriefings may be conducted orally or in writing.

11.9.1. Before Award. Offerors excluded from the competitive range or otherwise excluded for the competition may request a debriefing before award. However, the Contracting Officer may delay the debriefing until after award if it not in the best interest of the government to conduct a debriefing at that time. The Contracting Officer chairs the debriefing session and source selection personnel provide support. Preaward debriefings include discussion of the government's evaluation of significant elements in the offeror's proposal, a summary of the government's rationale for eliminating the offeror from the competition, and reasonable responses to relevant questions about procedures, regulations, and other applicable authorities followed in the process. Preaward debriefing should not reveal the number of offerors, identity of offerors, content of other offerors proposals, ranking of other offerors, evaluation of other offerors, and any information prohibited by FAR 15.506(e).

11.9.2. Postaward. Successful and unsuccessful offerors may request, in writing, a debriefing after contract award. The Contracting Officer chairs the session and source selection personnel provide support. Proper matters for postaward debriefings are identification of significant weaknesses or deficiencies in the offeror's proposal; evaluated cost or price and technical rating of successful offeror and offeror being debriefed, and past performance of offeror being debriefed; overall ranking of all offerors; summary of the rationale for award; and reasonable responses to relevant questions about procedures, regulations, and other applicable authorities followed in the process.

## Chapter 12

### SOLE SOURCE ACQUISITIONS

**12.1. Other Than Full and Open Competition.** Contracting Officers are required by law to promote full and open competition in soliciting offers and awarding government contracts. Contracting without full and open competition is a violation of statute unless permitted by one of the following exceptions as allowed in FAR 6.3: (a) only one responsible source and no other services will satisfy CE requirements; (b) unusual and compelling urgency; (c) industrial mobilization; engineering, developmental, or research capability; or expert services; (d) international agreement; (e) authorized or required by statute; (6) national security; or (f) public interest. (FAR Part 6)

**12.2. Justifications and Approvals (J&As).** A Contracting Officer cannot negotiate a sole source contract or any other contract without providing for full and open competition unless, when required, a justification is written and approved. The level of approval can range from the Contracting Officer to the Assistant Secretary of the Air Force (Acquisitions), depending on the dollar threshold of the acquisition. Air Force FAR supplement (AFFARS), subpart 5306, Table 5306-1 is a table of J&A approval requirements.

12.2.1. Each justification must contain sufficient facts and rationale to justify the use of the specific authority cited. Include sufficient information in the justification to permit its approval as a stand-alone document, even though agency procedures may require supplemental documentation. Justifications citing statute 10 U.S.C. 2304(c)(1) must be made available for public inspection. Contracting Officers must carefully screen all justifications for contractor proprietary data and remove all such data before making the justification available for public inspection.

12.2.2. Each justification must include evidence that any supporting data that is the responsibility of technical or requirements personnel and from which a basis for the justification have been certified as complete and accurate by the technical or requirements personnel. Technical and requirements personnel must obtain any review and approval required by department or agency procedures before submission of a recommendation for other than full and open competition to the Contracting Officer.

## PART 3

### AFTER CONTRACT AWARD

#### Chapter 13

### CONTRACT ADMINISTRATION

**13.1. Post-award Conference (FAR Part 42).** After a contract is awarded, the Contracting Officer will decide if a post-award conference is needed. The Contracting Officer should consult the functional representative before determining if a post-award conference is required.

13.1.1. A post-award conference aids both the government and the contractor personnel to achieve a clear and mutual understanding of all contract requirements, and identify and resolve potential problems. However, it is not a substitute for the contractor's fully understanding the work requirements at the time offers are submitted, nor is it to be used to alter the final agreement arrived at in any negotiations leading to contract award.

13.1.2. The Contracting Officer or the designated chairperson must emphasize that it is not the purpose of the meeting to change the contract. Changes can be made to the contract as a result of questions that affect the contract. During the conference, the Contracting Officer may make commitments or give directions within the scope of the Contracting Officer's authority; however, any change to the contract that results from the post-award conference must be made by a written contract modification.

**13.2. Contract Changes (FAR Part 43).** When the terms of a contract need to be changed, Contracting Officers, acting within the scope of their authority, are empowered to execute contract modifications on behalf of the government. Other government personnel do not have the authority to execute modifications, act in such a manner as to cause the contractor to believe that they have authority to bind the government, or direct or encourage the contractor to perform work that should be the subject of a contract modification.

13.2.1. Process. The process for initiating a change to your contract may vary with each command; however, when a change is needed, the functional area usually submits a written request and a detailed government estimate with an AF Form 9 for additional funding when applicable, to the Contracting Officer. The written request must provide sufficient details that communicate to the Contracting Officer exactly how and why you want your contract changed. Depending on the change required, the Contracting Officer would choose the appropriate type of modification and begin the process.

13.2.2. Contract Scope. No change to an existing contract can be made if the change is considered "out-of-scope." The general scope of a contract is work that would be regarded as fair and reasonable within the contemplation of the parties when the contract was awarded. A modification falls within the scope of the contract if it is of a nature which potential bidders/offerors would have reasonably anticipated under the Changes clause.

13.2.2.1. The contracting parties may not change the terms of a contract if it interferes with the competitive process. For example, after contract award, the Contracting Officer cannot relax the specifications of the contract because the other bidders/offerors submitted their proposals based on the specification in the original contract. Had the other bidders/offerors submitted their propos-

als based on the relaxed specification, the contract may have been awarded to a different contractor.

13.2.2.2. A modification is outside the scope of the contract if it involves a cardinal change. Cardinal changes are modifications beyond the scope of work contemplated by the parties, and work that the contractor could legally decline to perform.

13.2.2.3. Modifications that significantly change the magnitude or quality of the contract may be out-of-scope. Factors to be considered include significant changes in contract prices, time requirements, and additional work requirements relative to the requirements specified in the original contract.

13.2.2.4. Changes or additions to an existing contract are considered within the scope of the contract when the added work is essentially the same work being done, the quantity of added work is not a significant increase, the agency had the contractual right to add the work, and the solicitation resulting in the awarded contract adequately warned bidders/offerors that this type of modification could occur.

13.2.2.5. When contemplating a change to the existing contract, answer the following questions:

13.2.2.5.1. Is the work specified in the modification also specified in the contract?

13.2.2.5.2. Are the changes permitted by appropriate contract clauses?

13.2.2.5.3. Is the modification based on the type of work the parties originally agreed to?

13.2.2.5.4. Is the modification an integral part of completion of the contract?

13.2.2.5.5. Is the modification necessary to provide a complete and serviceable unit?

13.2.3. Contract Modifications. Contract modifications are written changes in the terms of a contract and can be either bilateral or unilateral.

13.2.3.1. A bilateral modification is also called a supplemental agreement because the contractor and the Contracting Officer sign it. Bilateral modifications are used to make negotiated equitable adjustments resulting from the issuance of a change order, definitize letter contracts, and reflect other agreements of the parties modifying the terms of contracts.

13.2.3.2. Only a Contracting Officer signs a unilateral modification. Unilateral modifications are used to make administrative changes, issue change orders, make changes authorized by clauses other than a Changes clause (e.g., Property clause, Option clause, Suspension of Work clause), and issue termination notices. At base level, a unilateral modification is used most often to exercise an option or to make administrative changes (written unilateral contract changes that do not affect the substantive rights of the parties; e.g., correction of typographical mistakes, changes in paying office, or changes in accounting and appropriation data).

**13.3. Delays (FAR Part 42).** Situations may occur during contract performance that causes the government to order a work stoppage. Clauses are included in the contract to settle contractor claims for delays that are not otherwise covered in the contract.

13.3.1. Stop-work Orders. A stop-work order may be used if work stoppage may be required for reasons such as advancement in the state-of-the-art, production or engineering breakthroughs, or realignment of programs. The stop-work order clause included in a contract authorizes the Contracting

Officer to stop all, or any part, of the work in the contract for a period of 90 days after the order is delivered to the contractor and for any further period to which the parties may agree. Upon receipt of the stop-work order, the contractor must immediately comply with terms and take all reasonable steps to minimize the occurrence of costs allocable to the work covered by the order during the period of work stoppage. The clause also authorizes the Contracting Officer to make an equitable adjustment in the delivery schedule or contract price, or both. Generally, a stop-work order will be issued only if it is advisable to suspend work pending a decision by the government and a supplemental agreement providing for the suspension is not feasible. Issuance of a stop-work order is approved at a level higher than the Contracting Officer. Stop-work orders should not be used in place of a termination notice after a decision to terminate has been made.

13.3.1.1. CE responsibility is to submit to the Contracting Officer the necessary information to begin the stop-work order. Stop-work orders should include a description of the work to be suspended, instructions concerning the contractor's issuance of further orders for materials or services, guidance to the contractor on action to be taken on any subcontracts, and other suggestions to the contractor for minimizing costs.

13.3.1.2. Promptly after issuing the stop-work order, the Contracting Officer should discuss the stop-work order with the contractor and modify the order if necessary.

13.3.1.3. As soon as feasible after a stop-work order is issued, but before its expiration, the Contracting Officer must take appropriate action to terminate the contract, cancel the stop-work order, or extend the period of the stop-work order if it is necessary and if the contractor agrees (any extension of a stop-work order must be by a supplemental agreement).

13.3.2. Government Delay of Work. The Government Delay of Work clause is an optional clause that provides for the administrative settlement of contractor claims that arise from delays and interruptions in the contract work caused by the acts or failures to act of the government. The clause does not authorize the Contracting Officer to order a suspension, delay, or interruption of the contract work. If performance of all or any part of contract work is delayed or interrupted by an act of the government in the administration of the contract that is not authorized by the contract or by a failure of the government to act within the time specified in the contract, the contractor can request in writing a claim for any increase in the cost of performance of the contract caused by the delay or interruption. No adjustment is allowable under this clause if the delay or interruption was the result of any other cause, including the contractor's negligence or fault.

**13.4. Payments (FAR Part 32).** All solicitations and contracts must specify payment procedures, payment due dates, and interest penalties for late invoice payment. Invoice payments and contract-financing payments will be made by the government not later than the due dates specified in the contract. Payments will be based on receipt of a proper invoice or contract financing request and satisfactory contract performance. CE is responsible for accepting the performance of services and may verify invoices.

## Chapter 14

### REMEDIES

**14.1. Protests (FAR Part 33).** A protest is a written objection by an interested party to a solicitation, the cancellation of a solicitation, an award or proposed award of a contract, or a termination or cancellation of a contract award based on improprieties concerning the award of the contract. An interested party for the purpose of filing a protest means an actual or prospective offeror whose direct economic interest would be affected by the award of a contract or by the failure to award a contract. If a protest is filed, the Contracting Officer must seek to resolve the protest regardless of the level at which the protest was initially filed; however, the decision to deny a protest can only be made at the level in which the protest was filed. When notified of a protest, the Contracting Officer must immediately contact the protester to make sure the basis of the protest is fully understood, thoroughly consider its merits, and take appropriate action. The Contracting Officer will also notify CE of the protest and may request assistance from CE to answer the protester's concerns.

**14.2. Claims (FAR Part 33).** A claim means a written demand or written assertion by one of the contracting parties seeking the payment of money, the adjustment or interpretation of contract terms, or other relief arising under or relating to the contract. The Contract Disputes Act of 1978 establishes procedures and requirements for asserting and resolving claims subject to the Act. The Act provides for the payment of interest on contractor claims, certification of contractor claims, and a civil penalty for contractor claims that are fraudulent or based on a misrepresentation of fact. The government's policy is to try to resolve all contractual issues in controversy by mutual agreement at the Contracting Officer's level. Reasonable efforts should be made to resolve controversies prior to the submission of a claim. Agencies are encouraged to use Alternative Dispute Resolution (ADR) procedures to the maximum extent practicable. ADR means any procedure or combination of procedures voluntarily used to resolve issues in controversy without the need to resort to litigation. These procedures may include, but are not limited to, assisted settlement negotiations, conciliation, facilitation, mediation, fact-finding, mini-trials, and arbitration.

**14.3. Warranties (FAR Part 46).** A warranty is a promise or affirmation given by a contractor to the government regarding the nature, usefulness, or condition of the supplies or performance of services furnished under the contract. The use of warranties is not mandatory. In determining whether a warranty is appropriate for a specific acquisition, the Contracting Officer must consider the nature and use of the services, the government's ability to enforce the warranty, if an item is customarily warranted and the warranty is included in the cost, or if the cost of a warrant adequately offsets the assurance of a satisfactory product. Normally, a warranty provides that the government may obtain an equitable adjustment of the contract or direct the contractor to repair or replace the defective items at the contractor's expense. CE should track and manage the warranty program. They should notify contracting of the need for warranty call and proper response.

**14.4. Inspection of Services - Fixed Price (FAR Part 46).** The government has the right to inspect all services of a contract at all times and places during the contract. If the government performs inspections on the premises of the contractor or a subcontractor, the contractor or subcontractor must furnish assistance.

14.4.1. If any of the services do not conform to contract requirements, the government may require the contractor to re-perform the services in conformity with the contract requirements at no increase to the cost of the contract.

14.4.2. When the defects in services cannot be corrected by re-performance, the government may require the contractor to take necessary action to ensure that future performance conforms to the contract requirements and reduce the contract price to reflect the reduced value of the services performed.

14.4.3. If the contractor fails to promptly re-perform the services or to take the necessary action to ensure future performance will be in conformity with the contract requirements, the government may perform the services, either through another contract or in-house, and charge the contractor any cost incurred by the government that is directly related to the performance of such services. However, the government has the right to terminate the contract for default if performing the contract through another contract or in-house is not feasible.

**14.5. Termination for Default (FAR Part 49).** Termination for default is generally the exercise of the government's contractual right to completely or partially terminate a contract because of the contractor's actual or anticipated failure to perform its contractual obligations. Under contracts containing the Default clause at 52.249-8, the government has the right, subject to the notice requirements of the clause, to terminate the contract completely or partially for default if the contractor fails to perform the services within the time specified in the contract, fails to perform any other provision of the contract, or fails to make progress and that failure endangers performance of the contract.

14.5.1. When a contractor has defaulted by failure to perform the services within the specified time, no notice of failure or notice of the possibility of termination for default is required to be sent to the contractor before the actual notice of termination. However, if the government has taken any action that might be construed as a waiver of the contract delivery or performance date, the Contracting Officer must send a notice to the contractor, setting a new date for the contractor to make delivery or complete performance. The notice will reserve the government's rights under the Default clause.

14.5.2. When the contractor fails to perform some of the other provisions of the contract or fails to make progress as to endanger performance of the contract, the Contracting Officer must give the contractor written notice specifying the failure and providing a period of at least ten (10) days in which to cure the failure. Upon expiration of the notice period, the Contracting Officer may issue a notice of termination for default unless it has been determined that the failure to perform has been cured.

**14.6. Termination for Convenience (FAR Part 49).** The Contracting Officer should only terminate contracts for convenience when it is in the government's interest. The Contracting Officer must effect a no-cost settlement instead of issuing a termination notice when the contractor will accept one, no government property was furnished, and no outstanding payments are due the contractor (or debts due the government). However, when the price of the undelivered balance of the contract is less than \$5,000, the contract should not be terminated for convenience but should be permitted to run to completion.

**14.7. Acquisition of Commercial Services (FAR Part 12).** Based on a determination resulting from market research that required services are commercial and are available in the commercial marketplace, the government may use streamlined and simplified acquisition procedures to obtain its services. In addition to simplifying and streamlining the acquisition process, FAR Part 12 simplifies the contract administration process through the FAR clause 52.212-4, Contract Terms and Conditions - Commercial Items.

The acceptance paragraph of this clause depends on the contractor's assurances that performance will be in accordance with contract terms and conditions. Accordingly, the government should be able to relax its time consuming quality assurance process and procedures. Also, this paragraph recognizes the commercial practice of permitting re-performance of unacceptable services at no increased cost, rather than attempt to enforce time consuming contract deductions for unacceptable services. Finally, the termination paragraphs for cause and convenience in the FAR 52.212-4 clause have been simplified to be more in line with commercial practices. In fact these paragraphs, among others, may be tailored to match your base's needs. Since it is highly likely that most, if not all services, performed by CE are readily available in the commercial marketplace, Contracting Officer should begin using FAR 12 procedures as a matter of course rather than exception. Under FAR Part 12 CE service contracts procedures should be much simpler and faster in matters pertaining to SOW development, bid time, contract award time, and quality assurance. In fact, Contracting Officers may use the simplified acquisition procedures of FAR Part 13 to obtain services of less than \$5 million. (This is a test program; check FAR Part 13.5 for test conclusion date).

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**Attachment 1****GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

Title 10, United States Code, *Armed Forces*, Section 2304

Title 10, United States Code, *Armed Forces*, Section 2303(c)(1)

Title 10, United States Code, *Armed Forces*, Section 2323

Title 15, United States Code, *Commerce and Trade*, Section 631, et seq.

Title 15, United States Code, *Commerce and Trade*, Section 637(a)

Title 41, United States Code, *Public Contracts*, Section 252

Executive Order 12138, *Creating a National Women's Business Enterprise Policy and Prescribing Arrangements for Developing, Coordinating and Implementing a National Program for Women's Business Enterprise*, May 18, 1979

Public Law 103-355, *Federal Acquisition Streamlining Act of 1994*, October 13, 1994

Federal Acquisition Regulation, Part 3.104, *Procurement Integrity*, current edition

Federal Acquisition Regulation, Part 6, *Competition Requirements*, current edition

Federal Acquisition Regulation, Part 6.3, *Definitions*, current edition

Federal Acquisition Regulation, Part 8, *Required Sources of Supplies and Services*, current edition

Federal Acquisition Regulation, Part 10, *Market Research*, current edition

Federal Acquisition Regulation, Part 12, *Acquisition of Commercial Items*, current edition

Federal Acquisition Regulation, Part 13, *Simplified Acquisition Procedures*, current edition

Federal Acquisition Regulation, Part 14, *Sealed Bidding*, current edition

Federal Acquisition Regulation, Part 15, *Contracting by Negotiation*, current edition

Federal Acquisition Regulation, Part 15.506, *Postaward Debriefing of Offerors*, paragraph (e), current edition

Federal Acquisition Regulation, Part 17, *Special Contracting Methods*, current edition

Federal Acquisition Regulation, Part 32, *Contract Financing*, current edition

Federal Acquisition Regulation, Part 33, *Protests, Disputes, and Appeals*, current edition

Federal Acquisition Regulation, Part 42, *Contract Administration and Audit*, current edition

Federal Acquisition Regulation, Part 43, *Contract Modifications*, current edition

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Federal Acquisition Regulation, Part 49, *Termination of Contracts*, current edition

Federal Acquisition Regulation, Part 52, *Clauses*, current edition

Federal Acquisition Regulation, Part 52.212-4, *Contract Terms and Conditions – Commercial Items*, May 1999

Federal Acquisition Regulation, Part 52.232-18, *Availability of Funds*, April 1984

Air Force FAR Supplement, Subpart 5309, *Competition Requirements*, current edition

AFI 63-124, *Performance-Based Service Contracts (PBSC)*, April 1999

### ***Abbreviations and Acronyms***

**ADR**—Alternative Dispute Resolution

**AFFAR**—Air Force FAR supplement

**AFI**—Air Force Instruction

**AFP**—Award Fee Plan

**AFRB**—Award Fee Review Board

**ASP**—Acquisition Strategy Panel

**BRAG**—Business Requirements and Advisory Group

**CBD**—Commerce Business Daily

**CLIN**—Contract Line Item Number

**COR**—Contracting Officer's Representatives

**COTR**—Contracting Officer's Technical Representative

**DFAR**—Defense Federal Acquisition Regulation

**DoD**—Department of Defense

**DOL**—Department of Labor

**EN**—Evaluation Notice

**FAR**—Federal Acquisition Regulation

**FDO**—Fee Determining Official

**FICA**—Federal Insurance Contributions Act

**FPI**—Federal Prison Industries

**FUI**—Federal Unemployment Insurance

**G&A**—General and Administrative

**GFM**—Government-Furnished Material

**GFP**—Government-Furnished Property

**GSA**—General Services Administration

**H&W**—Health and Welfare

**IFB**—Invitation for Bid

**J&A**—Justification and Approval  
**JWOD Act**—Javits-Wagner O'Day Act  
**NIB**—National Industries for the Blind  
**NISH**—National Industries for the Severely Handicapped  
**NTE**—Not to exceed  
**O&M**—Operation and Maintenance  
**ODC**—Other Direct Costs  
**PBSC**—Performance-Based Service Contracts  
**PEB**—Performance Evaluation Board  
**PPT**—Performance Price Tradeoff  
**PRD**—Performance Requirements Document  
**PWS**—Performance Work Statement  
**QAPC**—Quality Assurance Program Coordinator  
**QA**—Quality Assurance  
**QAR**—Quality Assurance Representative  
**QASP**—Quality Assurance Surveillance Plan  
**RFP**—Request for Proposal  
**RFQ**—Request for Quotation  
**SBA**—Small Business Administration  
**SDB**—Small Disadvantaged Business  
**SDS**—Service Delivery Summary  
**SON**—Statement of Need  
**SOO**—Statement of Objectives  
**SOW**—Statement of Work  
**SSP**—Source Selection Plan  
**SUI**—State Unemployment Insurance  
**TRD**—Technical Requirements Document  
**U.S.C.**—United States Code  
**WD**—Wage Determination

***Terms***

**ACQUISITION**—The acquiring of goods or services by contract with appropriated funds for the use of the federal government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point

when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract.

**COMMANDER**—The officer responsible for the installation or activity having service functions contracted. Generally a commander is the organizational commander of the functional commander and often is the commander of both the functional commander and the chief of the contracting office; i.e., wing commander, support group commander, logistics group commander, tenant unit commander, or commanders of subordinate commands. The exact title or position varies depending on the organizational structure and the particular service in question.

**COMPETITIVE RANGE**—Evaluated proposals remaining in competition that may participate in written or oral discussions and that have a reasonable chance of being selected for award.

**CONTRACTING OFFICE (OR SQUADRON)**—The Air Force contracting squadron or office responsible for award or administration of service contracts.

**CONTRACTING OFFICER**—The duly appointed government agent authorized to award or administer contracts. The only person with the authority to enter into, administer, or terminate contracts and make determinations and finding. Contracting officers may bind the government only to the extent of the authority delegated to them.

**DISCUSSION**—Any oral or written communication between the government and an offeror, other than communications conducted for the purpose of minor clarification, whether or not initiated by the government, that involves information essential for determining the acceptability of a proposal or provides the offeror an opportunity to revise or modify its proposal.

**FEE DETERMINING OFFICIAL (FDO)**—A fee determining official is the top level in the award fee organization. The choice of FDO can influence the level of management that the contractor will assign to the program. Primarily, the FDO is responsible for approving the award fee plan, and determining the amount of award fee earned and payable to the contractor.

**FUNCTIONAL AREA**—The organization having responsibility for the actual performance of a given service whether it is performed in-house or by contract; i.e., the transportation organization has responsibility for packing and crating; the civil engineering organization has responsibility for custodial services and family housing maintenance.

**FUNCTIONAL COMMANDER (OR DIRECTOR)**—A functional director or commander of any functional area with government program management responsibility for contracted services that provide some or all of the functional mission. For example, for Civil Engineering, the Squadron Commander is the functional commander.

**NEGOTIATION**—Contracting through the use of either competitive or other-than-competitive proposals and discussions. Any contract awarded without using sealed bidding procedures is a negotiated contract.

**OFFER**—A response to a solicitation that, if accepted, would bind the offeror to perform the resultant contract. Responses to invitations for bids are called "bids," and responses to requests for proposals are offers called "proposals." Responses to requests for quotations are **not** offers but "quotes" and, therefore, not binding.

**QUALITY ASSURANCE (QA) PERSONNEL**—A qualified individual appointed by the Functional Director or Functional Commander to monitor, evaluate, and accept contract services. QAs may also be referred to as Quality Assurance Representatives (QARs), Contracting Officer's Representatives (CORs), Contracting Officer's Technical Representatives (COTRs), etc.

**QUALITY CONTROL**—For purposes of this manual, quality control is those actions taken by a contractor to control the production of outputs to ensure that they conform to the contract requirements.

**SOLICITATION**—Invitation for bids (IFBs), requests for proposals (RFPs), and requests for quotations (RFQs) to solicit offers or quotations from prospective contractors. Solicitations shall contain the information necessary to enable prospective contractors to prepare offers or quotations properly.

**SERVICE DELIVERY SUMMARY (SDS)**—The SDS summarizes the performance objectives of the functional area and the performance measurement criteria the Quality Assurance (QA) will use in evaluating contract performance. A SDS is required in every statement of work (SOW).

**STATEMENT OF WORK (SOW)**—A performance-based description of the services required by the functional activity. A services SOW may also be termed a performance work statement (PWS), statement of need (SON), statement of objectives (SOO), technical requirements document (TRD), performance requirements document (PRD), or work statement.