

AMS/FAST CHANGE REQUEST (CR) COVERSHEET

Change Request Number: 18-51A

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Title: Toolbox Reference Deletion - Guidance

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Policy and Guidance: (check all that apply)

- Policy
- Procurement Guidance
- Real Estate Guidance
- Other Guidance
- Non-AMS Changes

Summary of Change:

Deletion of references to AMS Procurement Toolbox.

Reason for Change:

This term is no longer used in the AMS FAST - references should be to AMS Guidance.

Development, Review, and Concurrence:

Acquisition Policy Division

Target Audience:

AMS users

Briefing Planned:

No.

ASAG Responsibilities:

None.

Section / Text Location:

T3.2.1.3A.2, T3.2.2.8A.2, T3.2.3D.1, T3.6.1A.4, T3.8.7A.9, and T3.13.1A.9

The redline version must be a comparison with the current published FAST version.

I confirm I used the latest published version to create this change / redline

or

This is new content

Links:

<https://fast.faa.gov/docs/procurementGuidance/guidanceT3.2.1.3.pdf>

<https://fast.faa.gov/docs/procurementGuidance/guidanceT3.2.2.8.pdf>

<https://fast.faa.gov/docs/procurementGuidance/guidanceT3.2.3.pdf>

<https://fast.faa.gov/docs/procurementGuidance/guidanceT3.6.1.pdf>

<https://fast.faa.gov/docs/procurementGuidance/guidanceT3.8.7.pdf>

<https://fast.faa.gov/docs/procurementGuidance/guidanceT3.13.1.pdf>

Attachments:

Redline and final documents.

Other Files:

N/A

Redlines:

Section Revised:

3.2.1.3 A 2 – Applicability of AMS

Procurement Guidance - (~~7/2018~~ 10/2018)

T3.2.1.3 - Implementing OMB Circular No. A-76 Revised 1/2009

A Guidance for Implementing for OMB Circular No. A-76

1 OMB Circular A-76, Performance of Commercial Activities

2 Applicability of AMS Revised 10/2018

3 Responsibilities Revised 1/2009

4 Primary Phases for A-76 Competitions

5 Preliminary Planning

6 Public Announcement (Official Start Date)

7 Competition Procedures Revised 1/2009

8 Post Competition Accountability

9 Adversely Affected Employees

10 The Agency Tender

B Clauses

C Forms

T3.2.1.3 - Implementing OMB Circular No. A-76 Revised 1/2009

A Guidance for Implementing for OMB Circular No. A-76

1 OMB Circular A-76, Performance of Commercial Activities

OMB Circular No. A-76, "Performance of Commercial Activities," states the policy of the Government to: (a) rely generally on private commercial sources for supplies and services, if certain criteria are met, while recognizing that some functions are inherently Governmental and must be performed by Government personnel; and (b) consider relative cost in deciding between Government and contractor performance. In comparing the costs of Government and contractor performance, the Government bases contractor's cost of performance on firm offers.

2 Applicability of AMS Revised 10/2018

a. The FAA follows A-76 policy and procedures, except when the Circular is inconsistent with AMS or other FAA statutory authority. The Circular requires compliance with the Federal Acquisition Regulation (FAR), such as when conducting standard and streamlined competitions, publicizing competitions, when establishing certain roles or responsibilities, and some decision-making. References to FAR, FAR-based processes or terminology, or other Government procurement requirements in the Circular are not applicable to FAA.

b. Procurement procedures, except as noted in this guidance, are based on AMS procurement policy (section 3.0) and guidance (~~Procurement Toolbox~~). AMS is used to plan procurements; solicit, evaluate and select sources; resolve protests and disputes; and manage contracts.

c. Except as described in this guidance, AMS-required decisions, mandatory planning documents, and lifecycle phase-related activities described in AMS policy (sections 1.0 and 2.0) are not applied to Circular A-76 competitions. AMS documentation, when applicable, is appropriately tailored. Joint Resources Council decisions follow A-76 milestones rather than AMS phases.

3 Responsibilities Revised 1/2009

a. *Service Director of the organization responsible for conducting A-76 competitions:*

Appoints an acquisition team to lead the competition. An acquisition team is a cross-functional, empowered team given an operating budget and resources necessary to acquire specific services identified as commercial in nature by a Federal Activities Inventory Reform (FAIR) Act inventory.

b. *Acquisition Team*

(1) Develops an Implementation Strategy and Planning (ISP) document, tailored as necessary.

(2) Develops public announcements, evaluation criteria and plans, screening information requests, evaluation reports, and debriefs potential service providers.

c. Joint Resources Council (JRC):

(1) Prior to issuance of the official start date (public announcement):

- (a) Baselines the cost of as-is performance;
- (b) Approves the acquisition strategy;
- (c) Revalidates the need for the function identified in the functional scoping study.

(2) Prior to issuance of the final screening information request (SIR):

- (a) Establishes an activity cost baseline (independent government cost estimate);
- (b) Approves the ISP and Risk Management Plan;
- (c) Approves the Performance Work Statement (PWS) and Quality Assurance Surveillance Plan (QASP).

(3) Prior to Source Selection decision:

- (a) Approves the final cost baseline;
- (b) Approves the recommended source selection decision.

4 Primary Phases for A-76 Competitions

The general process for the public-private competition within a competitive sourcing study falls into four distinct phases: Preliminary Planning, Public Announcements, Competition Procedures, and Post Competition Accountability.

5 Preliminary Planning

The general process for the public-private competition within a competitive sourcing study falls into four distinct phases: Preliminary Planning, Public Announcements, Competition Procedures, and Post Competition Accountability.

a. *Functions.* Before initiation of a competition, a FAIR Act inventory will have already identified the function or activity as a commercial activity suitable for competition; the existing service is deemed to satisfy needed capabilities.

(1) A functional scoping study conducted during the preliminary planning phase of a public-private competition inventories functions that deliver "as is" services/capabilities. It also determines whether users have continued need for all, some, or none of those services. The functional scoping study incorporates mission need related activities and is used to document mission requirements. Therefore, a Mission Need Statement is not prepared.

(2) From the functional scoping study, an initial set of technical and performance requirements is derived and documented in a functional scoping summary ~~document~~ (document (FSSD). The FSSD refines functions and subfunctions to describe minimum, required levels of technical performance. Functions are described in such a way as they can be measured and evaluated. The FSSD is developed before the public announcement and approved by the JRC.

b. *Market Survey.* A market survey is conducted to determine if sufficient interest and capability exists in the marketplace to perform the service being competed. This market survey is in lieu of AMS-prescribed investment analysis activities. A Requirements Document, Investment Analysis Report, and Acquisition Program Baseline are not required.

c. *Initial Acquisition Strategy.* A high-level acquisition strategy is developed and approved by the JRC.

d. *As-is Cost Baseline.*

(1) A cost baseline is developed for the service as it is currently provided. This cost baseline is presented to the JRC for information before the public announcement.

(2) Baseline costs for the competition are calculated in accordance with the guidance provided in Attachment C of OMB Circular A-76 (Revised).

6 Public Announcement (Official Start Date)

The public announcement starts the competition process. The announcement indicates that the FAA will conduct the source selection in accordance with AMS. The FAA uses Contract Opportunities (www.faaco.faa.gov) to make public announcements. Information posted on Contract Opportunities is automatically copied to FedBizOps.

7 Competition Procedures Revised 1/2009

a. *Stakeholder Involvement.* A overarching goal is user and/or customer satisfaction along with achievement of planned value and performance levels. This requires the acquisition team to work with key stakeholders, including affected employees and associated collective bargaining units, to ensure that all issues necessary for success are identified and resolved.

b. *Notice of OMB Waivers.* Any specific deviations from the Circular that require a waiver from the OMB will be described in the SIR and public announcement.

c. *AMS Planning Documents.* The detailed strategy for the overall program is defined in an Implementation Strategy and Planning (ISP) document. An ISP is:

- (1) Prepared to describe program actions and activities;
- (2) Developed prior to release of the final SIR; and
- (3) Approved by the JRC.

d. *Availability of Data.* Historical data and other information available to the ATO or the MEO Team are made available by the Contracting Officer (CO) to all prospective providers. However, information related to the performance or productivity of an incumbent MEO is not released.

e. *Source Selection.*

- (1) An ISP, appropriately tailored, describes the specific procurement approach to be used.
- (2) The Source Selection Authority (SSA) in the Circular is synonymous with the FAA's Source Selection Official (SSO).
- (3) Use of AMS clauses "Notice of Cost Comparison" and "Right of First Refusal of Employment" is mandatory. The public announcement also states that award to a private potential service provider is contingent on results of the cost comparison.
- (4) Cost and pricing data is required from all potential service providers in accordance with the Circular. Common costs will be identified in the SIR.
- (5) The SIR includes a requirement for potential service providers to submit a quality control plan.
- (6) *Special Considerations*
 - (a) Private sector offers and agency tenders are not evaluated separately. The CO, SSO, and evaluation team ensure that all potential service providers are treated fairly.

(b) Deficiencies in an offer or tender are handled by the CO in accordance with the provisions of Attachment B of the Circular.

(c) To the maximum extent possible, Government property is made available for use by service providers. The acceptance and use of such property, however, is not mandatory.

(7) Within three days after contract award, the CO provides written notice to each potential service provider remaining in the competition, but not selected for award. This notice includes:

(a) The number of potential service providers solicited;

(b) The number of proposal received;

(c) The name and address of each potential service provider receiving an award;

(d) The items, quantities, and any stated unit prices of each award (The total contract price may be furnished if it is impractical at this time to provide unit prices but the unit prices must be made available upon request.);

(e) In general terms, the reasons the potential service provider's proposal was not accepted, unless the price information reveals the reason. In no event shall a potential service provider's cost breakdown, profit, overhead rates, trade secrets, manufacturing process or techniques, or other confidential business information be disclosed to any other potential service provider. f.

Period of Performance.

(1) Contracts awarded under the Circular are for a minimum of three years, excluding the phase-in period. OMB approval is required for performance periods exceeding five years, excluding the phase-in period. Performance periods for the agency tender and for private sector potential service providers will be identical.

(2) Potential service providers, including the MEO, propose a phase-in plan to replace the incumbent service provider. The plan, intended to minimize disruption and start-up requirements, considers recruiting, hiring, training, security limitations, and other special considerations. The phase-in period is considered the first performance period of a new contract.

g. *Contests.* The FAA will follow the FAA Dispute Resolution process in total, which ~~supersedes~~ supersedes the provisions of Section B, Part F, of the Circular. The Office of Dispute

Resolution for Acquisition (ODRA) is available to assist all parties of an A-76 acquisition, including the MEO, when objections arise concerning the competition or source selection decision.

h. *No Satisfactory Response.* If no satisfactory offer or tender is received in response to an A-76 solicitation, the CO determines the reasons for non-responsiveness and proposes a course of action to the Competitive Sourcing Official (CSO). The CSO then takes action in accordance with the provisions of Attachment B to the Circular.

i. *New Technology and Operational Processes.* There is no required testing of existing services when they become the responsibility of a new service provider unless new services or technologies are introduced. The purpose of test and evaluation remains the mitigation of potential operational risks and the verification of operational readiness for the In-Service Decision. The Acquisition Team determines the type of testing, if required, prior to transition to a new service provider. An In-Service Decision is not required to deliver a set of services using existing technology or processes. The In-Service Decision is a key program milestone if new technology or service concepts are introduced as a result of the competition or during the service delivery timeframe.

j. *Lessons Learned.* The office responsible for conducting the acquisition maintains a ~~data~~ basedatabase of lessons learned from each competition to ensure a consistent competition process and development of best practices.

k. *Competitive Sourcing Official (CSO).* The CSO is responsible for the implementation of the Circular within the FAA. Specific duties of the CSO are spelled out in the Circular.

8 Post Competition Accountability

a. In-Service Management begins when the new service provider initiates phase-in. At this point an organization known as the Continuing Government Activity (CGA) assumes responsibility for monitoring and assessing performance of the service provider. Members of the CGA are appointed by the responsible service director. The manager of the acquisition team coordinates closely with the manager of the CGA to assure a smooth transition of responsibilities.

b. For a performance decision favoring the agency, the CO establishes an MEO letter of obligation with the official responsible for performance of the MEO. Appropriate portions of the solicitation and the agency tender are incorporated into the letter of obligation which is then distributed to appropriate individuals, including the ATO.

c. The CGA will accomplish the post competition accountability procedures required by the Circular and will institute the appropriate monitoring mechanisms.

9 Adversely Affected Employees

a. In accordance with the FAA Performance Management System (PMS) Chapter 1, paragraph

14, Federal civilian employees serving competitive or excepted service appointments in Tenure Groups I, II, or III, who are identified for release from their competitive level by the FAA as a direct result of a performance decision resulting from a Circular competition are considered adversely affected employees.

b. The new service provider must give such employees the right of first refusal for employment openings under the contract in positions for which they are qualified, if that employment is consistent with post-Government employment conflict of interest standards.

c. Within 10 days after contract award, the CO provides the new service provider a list of all Government employees who have been or will be adversely affected or separated as a result of the award. The new service provider then reports, within 120 days after contract performance ~~begins~~, ~~begins~~ the names of individuals identified on the list who were hired within 90 days after contract performance began.

10 The Agency Tender

a. The Agency Tender is the FAA management plan submitted in response to a Circular competition. It includes the MEO, a cost estimate, an MEO quality control plan, an MEO phase- in plan and other elements required by the Circular and the SIR. It is not required to include a labor strike plan, a small business strategy, a subcontracting plan goal, participation of small disadvantaged businesses, licensing or other certifications, nor past performance information (except in unique circumstances identified in the Circular). The date for delivery of offers and tenders is the same.

b. When preparing the Agency Tender the MEO Team may consider the use of commercial contractors or teammates to help achieve performance requirements. In such cases the MEO is required to comply with the AMS.

B Clauses

[view contract clauses](#)

C Forms

[view procurement forms](#)

Section Revised:

3.2.2.8 A 2 – Types of Specification

Procurement Guidance - (~~7/2018~~ 10/2018)

T3.2.2.8 - Describing FAA Needs Revised 10/2006

A Describing Needs

1 Product Description Revised 10/2006

2 Types of Specification Revised ~~10/2006~~ 10/2018

3 Standards Revised 10/2006

4 Commercial Descriptions Revised 10/2006

5 Brand Name Added 10/2006

6 Statement of Work Revised 10/2006

7 Statement of Objective Added 10/2006

B Clauses

C Forms

T3.2.2.8 - Describing FAA Needs Revised 10/2006

A Describing Needs

1 Product Description Revised 10/2006

a. Product description is a generic term for documents, such as specifications, standards, voluntary standards, commercial item descriptions, or statements of work, that describe FAA's needs and are used for procurement purposes. The program official prepares the appropriate type(s) of product description based on the specific need to be obtained.

b. A product description should:

- (1) Be accurate, clear, and concise;
- (2) Reflect minimum needs;
- (3) –Not include overly restrictive requirements that would inhibit competition;
- (3) –Have measurable delivery, performance, objectives, or outputs;
- (4) –Encourage use of commercially-available items, when appropriate;
- (5) –Specify environmentally sound, and energy and water efficient products and services, and reduce or eliminate hazardous materials and wastes;
- (6) Use metric measurements or a dual (metric/inch-pound) system of dimensions, when practical; and
- (7) Use voluntary standards when possible.

2 Types of Specification Revised ~~10/2006~~ 10/2018

a. A specification describes physical, functional, or performance requirements of a material, product, system, data, or service, and includes criteria for determining whether or not the requirements are met. Types of specifications include:

- (1) *Performance specification* that describes a product in terms of form, fit and function, and interface or interoperability requirements. "Form" describes the general constraints placed on the product; "fit" describes how the product must be compatible with related or existing products; and "function" describes what the product must do.
- (2) *Design specification* that describes a product in terms of its detailed form or composition, such as specific materials, dimensions, design concepts, drawings, and manufacturing

processes. This type of specification requires a product to meet all aspects of the design requirements and vendors cannot substitute their own design preference.

(3) *Hybrid specification* that combines design and performance specifications.

b. Performance specifications are generally preferred. Specifications may be coupled with a statement of work (SOW) to fully define all work requirements. (See [AMS Procurement Toolbox Procurement Specification the SOW and DID Library in FAST for possible SOW templates for a template and guidelines for preparing a specification.](#))

3 Standards Revised 10/2006

a. Standards establish uniform engineering and technical limitations and applications of items, materials, processes, methods, designs, and engineering practices. It includes any related criteria deemed essential to achieve the highest degree of uniformity in materials or products, or interchangeability of parts used in those products.

b. A voluntary standard (non-Government standard) is established by a private sector association, organization, or technical society, and available for public use; the term does not include private standards of individual firms.

c. Product descriptions citing standards and specifications should identify each documents by number, title, approval date and revision number. When appropriate, the program official should tailor Government standards and specifications to eliminate unnecessary or non-value added portions of the standard or specification.

d. ATO System Engineering organization maintains FAA standards and system specifications applicable to National Airspace System equipment. Also, information about Federal standards, specifications, and commercial item descriptions is available on the General Services Administration website, the Department of Defense Single Stock Point website, and the National Institute of Technology and Standards website.

4 Commercial Descriptions Revised 10/2006

a. Commercial item descriptions describe functional or performance characteristics of an item and include industry standards, manufacturer's standards, and standard grades.

b. The FAA should use commercial products and services when possible. Consistent with this emphasis, product descriptions that describe voluntary commercial standards or use commercial item descriptions are preferred and will generally result in shorter delivery lead times than will use of detailed design or performance specifications.

c. The use of additional FAA specifications or testing requirements is generally not appropriate with commercial descriptions.

5 Brand Name Added 10/2006

a. Brand name or equal, ~~and brand~~ and brand-name mandatory, product descriptions may be used when in the FAA's best interest.

b. *Brand name or equal* descriptions identify products by brand name, make, model, or catalog number and name of the manufacturer. Brand name or equal product descriptions must include both the brand name and a description of most important physical, functional, or performance characteristics that an equal product must meet to be acceptable for award. Other products (an equal product) must have the same salient characteristics as a brand name product.

(1) The rational basis for using brand name or equal description must be documented by the program official and address:

(a) FAA's requirement in terms of specific physical, functional, or ~~performance characteristics~~ performance characteristics, and interfaces or interoperability;

(b) Unique features, functions, or characteristics of the brand name product that satisfies FAA's requirement; and

(c) Market analysis of other manufacturer's products, and a description of why other product's functions, features, performance, interfaces, or interoperability do not meet FAA's requirements.

(2) When a brand name or equal description is used, the solicitation must state the brand name product and salient physical, functional, performance, and interoperability or interface characteristics of the brand name product so that vendors may offer alternative but equal products.

c. *Brand name-mandatory* descriptions identify a specific make, model, or catalog number, and manufacturer of a product. This type of description differs from brand name or equal because vendors may not provide an equal item. For brand name-mandatory, a single source justification is required (see AMS Procurement Guidance T3.2.2.4 "Single Source").

6 Statement of Work Revised 10/2006

a. A properly written statement of work (SOW) is critical for the FAA to communicate and acquire what it needs. An SOW describes objectives, purpose, and requirements for the work to be accomplished. When possible, an SOW avoids defining the approach ("how to") to performing the work and should rely on the marketplace to define its own solution. The degree of specificity in an SOW depends on the type and size of the project. When possible, service contracts incorporate

performance-based methods to encourage contractor innovation and efficiency, and to help ensure contractors provide timely, cost effective, and quality contract performance. Also, to the extent possible, an SOW complies with plain language requirements described in Order 1000.36, FAA Writing Standards.

b. *The 4 "W"s.* ~~An SOW~~ A SOW addresses who, what, when, and where of the required work, as applicable. It clearly defines expected outputs, deliverables, or objectives that can be measured. All 4 "W"s below are likely to be necessary in a service-type contract and should be included when appropriate in other types of work:

(1) What work will the contractor do?

(2) When is the work to be performed?

(3) Who should perform the work (what minimum qualifications, skills, education, and experience are needed)?

(4) Where must the work be performed?

c. *Redundancy.* The SOW should not repeat material included in other parts of the contract; e.g., general provisions, special provisions, payment, etc.. This makes a contract difficult to modify and can create ambiguity when even slightly different words are used to express the same thing in different places in the contract.

d. *Writing Style.* The SOW is written in a clear and direct style, using simplest words, phrases, and sentences, and without ambiguity so that the document will be readily understood. Indefinite or ambiguous terms, words or sentences are difficult to enforce and administer, and may be construed against the FAA.

e. *Active vs. Passive Voice.* Use direct, active sentence structure that clearly states the subject that will perform the requirement, as in the following example: "The Contractor must maintain all government property related to the contract." This sentence uses the active voice that clearly states the subject ("contractor") must perform the action ("maintain property"). The drafter should not use passive voice sentences. Passive voice implies who performs the action, as in the following example: "The government property related to the contract must be maintained." In this sentence, the subject who must maintain the property is not clearly stated, and could be interpreted as the FAA or contractor. Statements that do not directly assign an action to a subject are ambiguous, may be interpreted incorrectly, and may prevent the FAA from enforcing the rights intended in the statement.

f. *Terms/Abbreviations.* The first occurrence of new or complex terms should always be in full text. If an abbreviation will be used in further occurrences of the word, show the abbreviation in parenthesis following the first occurrence of the word.

g. *Word Selection.*

(1) **Must/Will.** The term “must” is used to specify a mandatory action from which the contractor cannot deviate. Any expression of a required action by the contractor should be stated as "the contractor must....". The word "will" is used to express declaration of future action on the part of the FAA. (As required by FAA’s plain language order 1000.36, “must” replaces the traditionally used “shall” when specifying mandatory action).

(2) **Any/Either/Or.** These words imply a choice that either party may make, and should be avoided.

(3) **Use of Pronouns.** To avoid misinterpretation, use or repeat the noun rather than substitute it with a pronoun. Pronouns can create uncertainty as to what or whom the pronoun refers to which again promotes ambiguity.

h. *Other Elements.* The SOW should be tailored to the specific need. The following sections may be included when appropriate, provided they are not addressed elsewhere:

(1) **General.** This section should provide a broad overview of the SOW. It could include a general description of the scope of work;

(2) If there are personnel restrictions or requirements, they should be included;

(3) Quality control requirements;

(4) **Definitions.** A definition section includes all special terms and phrases used in the SOW. The definitions must clearly establish what is meant so that all parties will fully understand them. Also, SOW writers should carefully review trade terms or terms considered common to the industry, and provide definitions when those terms represent "slang" or are terms used only in specific geographical or industrial areas;

(5) **Government-furnished property and services.** If the Government will provide any property or services for the contractor's use during performance of the contract, this section should describe what will be given. If the list is fairly extensive, make it into an exhibit referenced in this section and attached elsewhere;

(6) **Contractor-furnished items.** In this section, describe material and equipment that the contractor must provide. As with government furnished property, if the list is lengthy, reference it in this section and make it an exhibit attached elsewhere;

(7) **Specific Work/Tasks.** Work/tasks to be performed by the contractor should be included in this section;

(8) **Applicable Technical Orders, Specifications, Regulations, and Manuals.** This section should contain a list of applicable directives. Tell what happens when a directive changes during the life of the contract and state whether each directive is mandatory or advisory on the contractor;

(9) Delivery requirements;

(10) Packaging, packing or marking; and

(11) Technical Exhibits. Some items are too bulky to include in the main body of the SOW. These items should be included as technical exhibits.

(i) Further information about preparing an SOW is described in MIL-HDBK-245D “Preparation of Statement of Work,” available on the Department of Defense’s ASSIST website.

7 Statement of Objective Added 10/2006

a. A statement of objective (SOO) describes basic, top level results to be achieved. An SOO provides potential vendors flexibility to develop cost effective solutions and innovative alternatives meeting the stated objectives. The SOO includes at least:

(1) Purpose;

(2) Scope or mission;

(3) Period and place of performance;

(4) Background;

(5) Performance objectives, *i.e.*, required results; and

(6) Any operating constraints.

b. Vendors use an SOO to propose a detailed statement of work that the FAA evaluates as part of contractor source selection. The SOO does not become part of a resulting contract. Additional information on developing an SOO is in MIL-HDBK-245D “Preparation of Statement of Work,” and in the Air Force’s “Statement of Objectives (SOO) Preparation Guide,” available on their website.

B Clauses

[view contract clauses](#)

C Forms

[view procurement forms](#)

Section Revised:

3.2.3 D 1 – Appendix – Instructions for Submitting Cost/Price Proposals

Procurement Guidance - (~~7/2018~~ 10/2018)

T3.2.3 - Cost and Price Methodology Revised 10/2007

A Cost and Price Methodology

1 Proposal Analysis Revised 1/2018

2 Independent Government Cost Estimate Revised 4/2016

3 Cost Accounting Standards Revised 7/2018

4 Financial Administrative Contracting Officer (FACO) Added 4/2014

B Clauses

C Forms

D Appendix Revised 10/2007

1 Appendix - Instructions for Submitting Cost/Price Proposals Revised ~~4/2017~~ 10/2018

2 Appendix – Developing A Detailed Independent Government Cost Estimate Revised
1/2017

3 Appendix - Template for Detailed Independent Government Cost
Estimate Revised 3/2016

T3.2.3 - Cost and Price Methodology Revised 10/2007

A Cost and Price Methodology

1 Proposal Analysis Revised 1/2018

a. *Certified Cost or Pricing Data and Information Other Than Certified Cost or Pricing Data.*

(1) Definitions.

(a) *Certified Cost or Pricing Data.* This is cost or pricing data where the offeror certifies as to the accuracy, completeness and currency of the data as of a specific date before execution of the contract action. This includes all facts that prudent buyers and sellers would reasonably expect to affect price negotiations significantly. Cost or pricing data are factual, not judgmental; and are verifiable. Certified cost or pricing data found to be inaccurate, incomplete, or noncurrent as of the date of the action allow the Contracting Officer (CO) to adjust the contract price related to the defective data.

(b) *Information other than certified cost or pricing data.* This is pricing data, cost data, and judgmental information necessary for the CO to determine a fair and reasonable price and/or to determine realism. Such data may include the identical types of data as certified cost or pricing data, but without the certification. The data may also include any information reasonably required to explain the offeror's estimating process, including, but not limited to-

(i) The judgmental factors applied and the mathematical or other methods used in the estimate, including those used in projecting from known data; and

(ii) The nature and amount of contingencies included in the proposed price.

(2) *Types of Information and Evaluation Method.* The CO may require information to support proposal analysis in any of the following degrees of detail:

(a) No cost data, in which case a price analysis is conducted;

(b) Information other than certified cost or pricing data, in which a price analysis and cost analysis appropriate to the data and information submitted are conducted; or

(c) Certified cost or pricing data, where the offeror certifies to the accuracy, completeness and currency of the data and both price and cost analyses are conducted.

(3) *Decision to Require Data.* A Contracting Officer (CO) has the discretion to determine the level of cost or pricing data required to ensure prices are fair and reasonable. Cost and pricing data should be requested *only* when the CO does not have reasonable assurance that

costs or prices are fair and reasonable based on price analysis. When deciding the extent to which cost and pricing data may be required, the CO should consider the cost and schedule burden on the contractor to provide the information.

(a) When the CO determines adequate price competition exists, certified cost or pricing data must not be requested in accordance with Policy 3.2.3.2.

(b) Adequate price competition may exist when:

(i) Two or more responsible offerors competing independently submit priced offers responsive to FAA's expressed requirement;

(ii) There was a reasonable expectation, based on market research or other assessment, that two or more responsible offerors competing independently would submit priced offers responsive to the screening information request's expressed requirement, although only one offer is received from a responsible responsive offeror; or

(iii) Price analysis clearly demonstrates that the proposed price is reasonable compared to current or recent prices for the same or similar items purchased in comparable quantities, and under comparable terms and conditions under contracts that resulted from adequate price competition.

(c) If the CO determines that the level of competition does not support the determination of price reasonableness, or the offeror's price cannot be determined to be reasonable from price analysis according to T3.2.3.A.1.c. below, then the CO must require certified cost or pricing data or information other than certified cost or pricing data to the extent necessary to support a determination of a fair and reasonable price (Policy 3.2.3.2). The CO within his or her discretion may, based on price analysis alone, determine that an offeror's price is not fair and reasonable without requesting additional cost data.

(d) In situations where adequate price competition does not exist, the decision to require certified or information other than certified cost or pricing data and the level of data required should be based on the specific circumstances of the procurement taking into account the factors described in subparagraph (4) "Factors to Consider" below.

(4) *Factors To Consider.*

(a) The CO has the flexibility to determine:

(i) Whether or not to require cost or pricing data;

(ii) To what degree or level of detail data should be requested; and

(iii) Whether or not the data should be certified, except for situations where

adequate price competition exists (and the CO must not require certified cost or pricing data).

(b) The CO may consider the following factors to determine the appropriate data requirement:

(i) *Recent Pricing Data.* Availability of information on prices for the same or similar goods or services procured on a competitive basis.

(ii) *Degree of Competition Attained.* Level to which competitive market forces can be expected to influence submission of reasonable prices.

(iii) *Uncertainty of the Market Place.* How volatile market prices or technological changes may impact vendor prices or costs.

(iv) *Availability of Independent Cost Estimate/Data.* The degree of confidence the CO has in the internal estimate or other data which would provide an effective means to objectively evaluate proposed costs or prices.

(v) *Technical Complexity of Procurement.* The degree to which developmental effort or technical complexity is inherent in the requirement.

(vi) *Contract Type.* The degree to which the decision of contract type mitigates the risk to the agency.

(5) *Requirement for Certified Cost or Pricing Data.* When certified cost or pricing data are necessary, AMS Clauses 3.2.2.3-38, Requirements for Certified Cost or Pricing Data or Other Information, and 3.2.2.3-39, Requirements for Certified Cost or Pricing Data or Other Information – Modifications, must be inserted in the SIR. The clauses require the contractor to submit the information contained in the Appendix "Instructions for Submitting Cost/Price Proposals When Certified Cost or Pricing Data are Required."

(6) *Requesting Information.* When requesting information other than certified cost or pricing data, the information should be limited to the extent necessary to determine price reasonableness and/or cost realism. The level of detail and format of the data requested will be determined by the CO. In the case of a single-source contract, no one may request any type of cost or price information from the vendor until the single-source justification is fully executed. Generally this will be a modified version of information requested in subparagraph (5), "Requirement for Certified Cost or Pricing Data" above.

(7) *Subcontracts.* Contractors are required to submit certified or information other than cost or pricing data for proposed subcontracts or subcontract modifications only when necessary to determine the reasonableness of the proposed contract or subcontract price, including negotiated final pricing actions. The contractor is responsible for performing cost or price

analysis when determining price reasonableness on subcontract proposals and for submitting the subcontract cost or pricing data if requested by the CO.

b. *Proposal Analysis.* The procurement team is responsible for evaluating proposals using the methods of price and cost analysis appropriate to the procurement. Price and cost analysis are used to determine if prices or costs are allowable, reasonable and realistic. The CO is responsible for determining whether contract prices are fair and reasonable. The data used to perform cost or price analysis should be the most current available. Use of non-current data should be (i) documented as to why more current data was not used or available, and (ii) adjusted if applicable to reflect the purchasing power of the dollar over time. At a minimum, if the data is two or more years old, explain why the older data (escalated to the current year) is adequate for use in determining fair and reasonable pricing.

c. *Price Analysis.* Price analysis is a process of examining and analyzing a proposed price without evaluating separate cost elements and proposed profit/fee. Price analysis is the most commonly used method of proposal analysis and must be performed on all contractor proposals (Policy 3.2.3.2). Even when cost analysis is performed to evaluate individual cost elements of a contractor's proposal, some form of price analysis is needed to ensure that the proposed price is fair and reasonable. There are several techniques that may be used in performing price analysis:

- (1) Comparison of proposed prices received in response to the screening information request;
- (2) Comparison of prior proposed prices and contract prices with current proposed prices for the same or similar end items and services in comparable quantities;
- (3) Application of rough yardsticks (such as dollars per pound or per horsepower, or other units) to highlight significant inconsistencies that warrant additional pricing inquiry;
- (4) Comparison with competitive published catalogs or lists, published market prices or commodities, similar indexes, and discount or rebate arrangements;
- (5) Comparison of proposed prices with independent cost estimates; and
- (6) Ascertaining that the price is set by law or regulation.

d. *Cost Analysis.*

(1) Cost analysis is the review and evaluation of the separate cost elements and proposed profit/fee of an offeror's proposal. The CO will determine whether cost analysis is appropriate. Cost analysis is not required to evaluate established catalog or market prices, prices set by law or regulation, and commercial items. If there are significant disparities in proposed prices, a limited form of cost analysis may be used to investigate the cause of the disparities. Cost analysis involves examining data submitted by the contractor and the judgmental factors applied in projecting estimated costs. Cost analysis also includes:

(a) Verification that the contractor's cost submissions are according to disclosed cost accounting procedures;

(b) Comparisons with previous costs; and

(c) Forecasts of future costs based on historical cost experience.

(2) Cost analysis is used to determine cost reasonableness when a fair and reasonable price cannot be determined through price analysis alone, and/or the agency needs an understanding of the cost buildup of the proposal to verify cost realism. The data required to perform the cost analysis should be limited to those cost elements that are necessary to ensure a fair and reasonable, and if necessary, a realistic price determination.

(3) Cost analysis involves the following techniques and procedures:

(a) Verification of cost or pricing data and evaluation of cost elements, including indirect and direct costs. Proposed material direct costs should be examined for quantity, type, and price;

(b) Evaluating the effect of the offeror's current practices on future costs;

(c) Comparison of the costs proposed by the offeror with historical and actual costs, and previous cost estimates for the same or similar items;

(d) Analysis of the contractor's evaluation in determining the reasonableness of the subcontract costs;

(e) Verification of the offeror's proposed cost to ensure that it reflects cost realism and reasonableness; and

(f) Review to determine whether any cost or pricing data that is necessary to make the contractor's proposal accurate, complete, and current has been submitted or identified in writing.

e. Field Pricing Support.

Field pricing support is independent support intended to give the CO a detailed analysis and report of the contractor's cost proposal or other areas related to contract pricing. Field pricing support personnel include, but are not limited to, COs, auditors, price analysts, quality assurance personnel, and engineers. The CO may request field pricing support when necessary.

f. Pre- and Post-Award Audits.

(1) The CO must request pre-award and post-award audits on all cost reimbursement contracts estimated to exceed \$100 million (including all options or ceiling amounts). In addition, FAA must request audits on at least 15% of all cost reimbursement contracts under \$100 million (Policy 3.2.3.3). Headquarters Cost/Price Analysis Services (AAP-500) determines which contracts under \$100 million require an audit. At the discretion of the CO, audits may also be requested on other types of contracts.

(2) Program offices fund required pre- and post-award audits. Headquarters Cost/Price Analysis Services (AAP-500) tracks and manages requested and completed audits. Although Defense Contract Audit Agency (DCAA) provides audit support for civilian agencies, FAA may also obtain support from other public or private audit organizations as necessary.

(3) The CO should appropriately scope audit requests considering the nature of the procurement, data to be reviewed, recent audits, and the contractor to be audited. Cost/Price Analysis Services (AAP-500) can advise the CO about scoping the request. Audits may cover one or more of the following:

Pre-award

- Pre-award survey (new contract)
- Proposal audit (full or selected portions)
- Forward pricing rates or billing rates
- Rate verification (direct and indirect)
- Cost Accounting Standards compliance review
- Cost accounting system adequacy (labor, indirect and other direct cost systems)
- Earned value management system audit
- Contractor purchasing system review
- Billing system review
- Estimating system review
- Information technology system review
- Material management and accounting system review
- Basis of estimate
- Bill of material and long lead items

Post-award

- Proposal for contract modification
- Defective pricing
- Incurred cost
- Invoice reviews for allowability or improper payment
- Claims and request for equitable adjustment
- Final price submission
- Termination
- Closeout

(4) The CO should use good business judgment consistent with applicable AMS guidance when deciding whether to obtain audits. If a CO decides not to obtain an audit, the file should be documented with a rational basis as to why the audit was not obtained. The cost of the audit compared to the expected payback should also be considered.

g. Defective Pricing.

(1) Defective certified cost or pricing data is data which was provided to FAA in support of a proposal and which was not current, accurate, or complete. It may only occur when certified cost or pricing data is provided. If, before agreement in price, the CO learns that any certified cost or pricing data the contractor provided are inaccurate, incomplete, or not current, the contractor is notified immediately to determine if the defective data increase or decrease the contract price. The CO then negotiates using any new data submitted or making allowance for the incorrect data.

(2) If, after award, certified cost or pricing data are found to be inaccurate, incomplete, or noncurrent as of the date of agreement, the CO should give the contractor an opportunity to support the accuracy, completeness, and currency of the questioned data. In addition, the CO may obtain an audit to evaluate the accuracy, completeness, and currency of the data. The contractor should reimburse FAA for any payments issued based on defective cost or pricing data during the contract period. The reimbursement should include the amount identified by the CO including profit or fee and interest accrued from the date of the payment. If defective pricing is determined to exist, this fact should be noted in future past performance evaluations.

(3) If a contractor and subcontractor submitted certified cost or pricing data, the CO has the right, under the clause prescribed in the contract to reduce the contract price if it significantly increased due to contractor submitted defective data. This right applies whether the data supported subcontractor cost estimates or firm agreements between subcontractors and contractors. In order to afford an opportunity for corrective action, the CO should give the contractor reasonable advanced notice before determining to reduce the contract price when:

(a) A contractor includes defective subcontract data in arriving at the price but later awards the subcontract to a lower priced subcontractor (or does not subcontract for work). Any adjustment in the contract price due to defective subcontract data is limited to the difference, plus applicable indirect cost and profit/fee, between the subcontract price used for pricing the contract and either the actual subcontract or the actual cost to the contractor.

(b) Under cost-reimbursement contracts and fixed price incentive contracts, payments to subcontracts that are higher than they would be had there been no defective subcontractor cost or pricing data will be the basis for disallowance or non-recognition of costs.

h. Profit/Fee Analysis.

(1) When price analysis techniques are sufficient to ensure a fair and reasonable price, analysis of profit/fee is not appropriate.

(2) When cost analysis is required for price negotiation, profit/fee is analyzed.

(a) Profit/fee should be analyzed with the objective of rewarding contractors for:

(i) Financial and other risks they assume;

(ii) Resources they use; and

(iii) Organization, performance, and management capabilities they employ.

(b) Consideration should be given to the:

(i) Ratio of indirect costs to direct costs;

(ii) Extent of subcontracting;

(iii) Complexity of materials requirements; and

(iv) Commitment of capital investments to contract performance.

(3) For the purposes of establishing a negotiation position the CO may use some structured method (e.g. agency-mandated weighted guidelines) for determining the profit/fee appropriate for the work to be performed. The CO is encouraged to establish a structured mechanism under cost reimbursable contracts which relates performance to fee amounts earned.

i. *Cost and Price Realism.*

(1) The purpose of realism analysis is to ensure that proposed prices are not so low such that contract performance is put at risk from either a technical and/or cost perspective. It is separate from analyses performed to determine cost or price reasonableness. Realism analysis determines whether an offeror's proposed costs and/or prices:

(a) Are realistic for the work to be performed;

(b) Reflect a clear understanding of the requirements; and

(c) Are consistent with the various elements of the offeror's technical proposal.

(2) Cost Realism.

(a) Cost realism analysis is an objective process of identifying the specific elements of a cost estimate or a proposed price and comparing those elements against reliable and independent means of cost measurement. This analysis judges whether or not the

estimates under analysis are verifiable, complete, and accurate, and whether or not the offeror's estimating methodology is logical, appropriate, and adequately explained. This verifies that the cost or prices proposed fairly represent the costs likely to be incurred for the proposed services under the offeror's technical and management approach.

(b) Cost realism analysis is used for analysis of proposed costs on cost reimbursement contracts, competitive fixed-price incentive contracts, and may also be used on time and material contracts, and, if necessary, on competitive fixed price contracts.

(c) Cost realism analysis determines whether proposed costs may be overstated or understated- with respect to performing SIR requirements using the contractor's unique and described methods in the cost and technical proposals. The offeror's Most Probable Cost (MPC) is determined by adjusting each offeror's proposed cost, and fee when appropriate, to reflect any additions or reductions in cost elements to realistic levels based on the results of the cost realism analysis.

(d) The MPC may differ from the proposed cost and should reflect the Government's best estimate of the cost of any contract that is most likely to result from the offeror's proposal. The MPC, not the proposed cost, is used for purposes of evaluation to determine the best value.

(e) Cost Realism Evaluation Steps:

(i) Obtain other than certified cost or pricing information from the offeror, including detailed proposal breakdown by cost element and the associated basis of estimates (BOEs) for work to be performed.

(ii) Obtain cost realism analysis support from designated member(s) of the acquisition team. The technical cost realism acquisition team member(s) review the SIR requirements, and each offeror's technical and cost proposal, to ensure the cost proposal reflects ~~the costs~~the costs required to accomplish the work through the unique methods and approaches identified in the offeror's technical proposal. The technical cost realism reviewer determines which direct labor hours and other direct costs should be adjusted up or ~~down~~ and down and by what amount. This includes a review of material direct costs (including types and quantities of material proposed).

(iii) The reviewer provides a cost realism analysis to the cost evaluation team. NOTE: The technical cost realism reviewer must not be a member of the technical evaluation team unless the technical evaluation has been completed, reviewed, and signed. This is necessary to avoid any potential bias in the technical evaluation related to information in the cost proposal.

(iv) Obtain information from Government sources related to contractor direct and indirect rates, i.e. Forward Pricing Rate Agreements or Recommendations

(FPRA/FPRRs). Revise the offeror's proposed rates to reflect the Government's expectation of final rates, as appropriate.

(v) Determine each offeror's Most Probable Cost using the cost realism analysis and any indirect rate revisions to adjust the proposed costs. Include fee adjustments as appropriate for changes in estimated costs. The MPC represents the costs most likely to be incurred by the offeror in performance of the effort. Use the offeror's MPC for best value analysis.

(3) Price Realism.

(a) Price Realism analysis is an objective process that focuses on the proposed price and performance risks. Price realism is used when requirements may not be fully understood by the offeror, there are quality concerns, or past experience indicates that contractors' proposed prices have resulted in quality or service shortfalls.

(b) Price realism may be used for price proposal analysis on competitive fixed-price contracts.

(c) Unlike in cost realism analysis, the offeror's proposed price is not adjusted for the Most Probable Cost. The focus is on the price and the ability of the offeror to perform the contract requirements for the proposed price, not the individual cost elements.

(d) Results of the analysis may be used in performance risk assessments and responsibility determinations.

(e) Price Realism Evaluation Steps:

(i) Obtain price information from the offeror, but no cost data is provided.

(ii) Obtain information from Government or industry sources that can be used for price realism determination such as:

- Comparison to the IGCE;
- Published catalog prices;
- Previous contract prices for similar items in similar quantities procured on a competitive basis;
- Published fully burdened labor rates appropriate to proposed labor categories and geographic location;
- Published price indices such as Global Insight for escalation factors; and
- Other methods of price analysis as described in T.3.2.3.A.1.c.

(iii) Obtain analysis support from the acquisition team related to the offeror's understanding of technical requirements, past performance, and financial capability.

(iv) Document the price realism analysis and its conclusion. If the analysis indicates proposed prices may be unrealistic, the CO may determine that additional analysis, including cost realism, is required. Information other than certified cost and pricing data would be requested to support additional analysis. For either price realism or cost realism analyses for fixed-price contracts, do not adjust the offeror's proposed price.

(4) Realism Analysis and Risk. A practical example of the need for realism analysis is the tendency of some contractors to "buy-in" to a contract award. "Buying-in" refers to an offeror submitting an offer below anticipated contract costs. Contractors may "buy-in" for purely business reasons or may expect to recover losses through an increase of the contract price after award or through receiving follow-on contracts at artificially high prices. Buying-in may decrease competition or result in poor contract performance. The CO should minimize the opportunity for buying-in through the following appropriate actions:

(a) Use cost analysis in evaluating proposals for follow-on contracts and change orders;

(b) Price contract options for additional quantities together with the firm contract quantity, that equal program requirements;

(c) Develop an estimate of the proper price level or value of the supplies or services to be purchased; and

(d) Verify that contract type and price are consistent with the uncertainty and risk to FAA and contractor while at the same time providing the contractor with the greatest incentive for efficient and economical performance.

The foregoing does not mean that the CO should refuse to award a contract when a buy-in is apparent. The CO should evaluate the attendant risks of costs escalating out of control or the contractor not being able to successfully complete performance. For cost-reimbursable contracts, an award based on an unreasonably low cost would represent a significant risk to the agency because the final price paid by the Government is based on incurred costs. For fixed-price contracts, the cost risk is on the contractor, but an unrealistically low price could create performance risks resulting in poor performance or default. FAA reserves the right to make an informed judgment and decide whether to award or not based on downstream consequences emanating from potential change orders, etc.

(5) Evaluation Criteria and Realism Analysis. When using realism analysis in evaluating offers for contract award, the SIR should state that cost realism or price realism may be used as part of the evaluation process and define how the analysis will be considered. Fixed-price contracts

may reserve the right to perform realism analysis only if the CO determines it is necessary based on proposed prices.

j. *Unbalanced Offer.* Offeror proposals should be analyzed to determine whether they are unbalanced with respect to prices or separately priced line items. This is particularly important when evaluating the prices for options in relationship to the prices for the basic requirements. An offer is mathematically unbalanced if it is based on prices which are significantly less than the cost of some contract line items and significantly overstated in relation to cost for others. An offer is materially unbalanced if it is mathematically unbalanced and if there is reasonable doubt that the offer would result in the lowest overall cost to FAA (even though it is the lowest evaluated offer); or the offer is so grossly unbalanced that its acceptance would be tantamount to allowing an advance payment. Offers that are materially unbalanced may be rejected. Depending on the nature of the procurement, price analysis or cost analysis should be used in determining whether offers are materially unbalanced.

2 Independent Government Cost Estimate Revised 4/2016

a. *Purpose of an IGCE*

(1) An independent Government cost estimate (IGCE) is an internal Government estimate, supported by factual or reasoned data and documentation, describing how much FAA could reasonably expect to pay for needed supplies or services. It serves as:

- (a) The basis for reserving funds for the procurement action;
- (b) A method for comparing cost or price proposed by offerors;
- (c) An objective basis for determining price reasonableness when only one offer is received in response to a solicitation; and
- (d) A means of detecting offeror buy-ins and identifying unbalanced prices.

(2) The CO must ensure, through cost and/or price analysis, that the final price is fair and reasonable for all acquisitions (Policy 3.2.3). One of several techniques in performing price analysis is comparison of the proposed prices with an IGCE. Its primary objective is to provide the CO with an unbiased, realistic cost estimate for proposed supplies, services, and construction.

(3) A ~~well-supported~~well-supported IGCE is a valuable tool for price negotiations, especially in the case of a single source acquisition. Clearly defined and supported cost elements such as labor, overhead, and travel enable FAA to make informed negotiation decisions. A well-reasoned IGCE helps FAA to verify completeness of offeror or contractor's cost proposals.

b. *Applicability.* An IGCE is required for procurement actions over \$150,000 (or for any lower dollar value procurement action when the CO determines it necessary) (Policy 3.2.1.2.4), except for:

- (1) Modifications to exercise priced options;
- (2) Incremental funding modifications;
- (3) Delivery orders for priced supplies or services under indefinite delivery contracts;
- (4) Acquisition of real property (i.e., land, space, or interest therein); or
- (5) Supplies or services with prices set by law or regulation.

c. Responsibility for Preparation.

- (1) The program office is responsible for the IGCE. Non-Government personnel (excluding any personnel of potential offerors) may support a program official in preparing the IGCE. Because the IGCE is procurement sensitive, access to it must be on a need to know basis. The IGCE must be signed and dated by the Government preparer.
- (2) The IGCE must not be based on information furnished solely by a potential offer that may be considered for award, or based on an offeror's cost/price proposal after receipt of offers.

d. When to Submit. An IGCE should accompany the procurement request package. The IGCE becomes part of the official contract file documentation.

e. Proper Marking. Each IGCE must be designated and marked, "FOR OFFICIAL USE ONLY."

f. Commercial and Noncomplex Procurement Actions. Published price lists, catalog prices, historical prices, General Services Administration (GSA) schedule prices, or market survey prices may suffice for an IGCE involving standard commercial materials, supplies, equipment and noncomplex services readily available in the commercial market. Lump sum estimates for commercial and noncomplex supplies and services do not break down the estimate into various cost elements. An IGCE for commercial and noncomplex products and services may entail determining the market value of an item or service and using that as the basis for the IGCE, documenting the research, and then furnishing this information to the CO.

g. Differences Between Proposal Price and IGCE. When there are differences greater than 15% between the price of the offer proposed for award and the IGCE, the CO should notify the program official for appropriate remedial actions.

h. Detailed and Lump Sum Estimates and IGCE Structure. The complexity of an IGCE depends on the nature and dollar value of the requirement, and an IGCE could be a detailed cost estimate or a lump sum estimate. Detailed estimates encompass an analysis and estimation for individual cost elements (i.e., direct labor, material, overhead, other direct costs, general and administrative expense, and profit). In contrast, the lump sum estimate projects cost on a "bottom line" basis. Lump sum

estimates may be useful when the price of an item or service can be determined without examining individual cost elements, such as when acquiring commercial items. The program official determines whether the IGCE should be developed as a lump sum estimate, detailed cost estimate, by contract line item number (CLIN), or by work breakdown structure (WBS). The structure used for the IGCE should track directly to the proposed CLIN structure used in the SIR to allow for valid comparisons in proposal cost and price analyses.

i. *Cost Estimates by Work Breakdown Structure (WBS)*. Cost estimates by WBS provide detailed cost estimates for each activity in the WBS and may include vendor quotes or catalog prices for materials and engineering labor estimates.

j. *Market Research and Analysis*. Market research and analyses may be used to collect current cost information.

k. *Cost Estimation*.

(i) Cost estimation is a field of practice that can be simple to complex, depending on the requirement. Cost estimation methods for major system, facilities, and equipment acquisitions are complex and require defined requirements, extensive market research and expert assistance.

(ii) Different approaches are used to make cost estimates. The cost estimator decides the appropriate approach and it will vary depending on the requirement, amount of data that the estimator has about the item or service to be estimated and the time frame for completion of the estimate. There are five terms used within the cost analysis community to describe the usual methods of developing estimates: analogy, parametric, expert opinion, engineering and actual cost (extrapolation). There are many Government and private sector publications, models, and tools available on cost estimation. Listed below are several resources available for estimating costs:

DoD Contract Pricing Reference Guide Volume I: Chapter 6.1 and Chapter 1.1

NASA Parametric Cost Estimating Handbook

U.S. Army Cost Analysis Manual

NASA Cost Estimating Handbook

(iii) Detailed information on elements included in a Cost Estimate and a template for preparing an IGCE are available in the Appendix, Appendices 2 and 3.

3 Cost Accounting Standards Revised 7/2018

a. *Applicability.* Full or modified cost accounting standards (CAS) coverage, as appropriate, applies to all cost-type contracts and subcontracts. Categories of contracts and subcontracts exempt from all CAS requirements include:

- (1) Negotiated contracts and subcontracts not in excess of \$2,000,000. For purposes of this arrangement, an order issued by one segment to another must be treated as a subcontract (Policy 3.2.3.5);
- (2) Contracts and subcontracts with small businesses;
- (3) Contracts and subcontracts with foreign governments or their agents or instrumentalities or (insofar as the requirements of CAS other than 9904.401 and 9904.402 are concerned) any contract or subcontract awarded to a foreign concern;
- (4) Contracts and subcontracts in which the price is set by law or regulation;
- (5) Firm fixed price and fixed-price with economic price adjustment (provided that the price adjustment is not based on actual costs incurred), time-and- materials, and labor-hour contracts and subcontracts for acquisition of commercial items;
- (6) Contracts or subcontracts of less the \$7.5 million, provided that at the time of award the business unit of the contractor or subcontractor is not currently performing any CAS-covered contracts or subcontracts at \$7.5 million or greater;
- (7) Contracts and subcontracts to be executed and performed outside the United States, its territories, and possessions; and
- (8) Firm-fixed-price contracts or subcontracts awarded on the basis of adequate price competition without submission of cost or pricing data.

b. *Contract Requirements.* A CAS-covered contract may be subject to either full or modified CAS coverage.

(i) Modified CAS coverage applies to contractor business units that received less than \$50 million in net CAS-covered awards in the immediately preceding cost accounting period. Modified CAS coverage only requires that the business unit comply with the following standards:

- a. 401, Consistency in Estimating, Accumulating and Reporting Costs
- b. 402, Consistency in Allocating Costs Incurred for the Same Purpose
- c. 405, Accounting for Unallowable Costs
- d. 406, Cost Accounting Period

(ii) Full CAS coverage requires the business unit (as defined in CAS 410-30(a)(2)) comply with all of the CAS in effect on the contract award date, or if required to submit certified cost or pricing data, on the date of the certification, as well as any CAS (or modifications) which become applicable in the future. Full CAS coverage applies to contractor business units that:

a. Received a single CAS-covered contract award, including option amounts, or \$50 million or more; or

b. Received \$50 million or more in CAS-covered contract awards during the immediately preceding cost accounting period.

c. *CAS Administration.* The cognizant CO will perform CAS administration for all contracts in a business unit notwithstanding retention of other administration functions by another CO. Within 30 days after the award of any new contract or subcontract subject to CAS, the CO, contractor, or subcontractor making the award should request the cognizant CO to perform administration for CAS matters. This is one of the duties of the Financial Administrative Contracting Officers (FACO) for those contractors who are under the cognizance of the FAA.

d. *Waiver.* In some instances, contractors or subcontractors may refuse to accept all or part of the requirements of AMS Clauses 3.2.3-2, Cost Accounting Standards, and 3.2.3-3, Disclosure and Consistency of Cost Accounting Practices. If the CO determines that it is impractical to obtain the materials, supplies, or services from any other source, the CO should prepare a request for waiver.

e. *Responsibilities.*

(1) The CO is responsible for determining when a proposed contract may require CAS coverage and for including the appropriate notice in the screening information request. The CO ensures that the offeror has made the required certifications and that required Disclosure Statements are submitted.

(2) The CO should not award a CAS-covered contract until the FACO has made a written determination that a required Disclosure Statement is adequate unless, in order to protect FAA interest, the CO waives the requirement for an adequacy determination before award. In this event, a determination of adequacy should be required as soon as possible after the award.

(3) The cognizant auditor is responsible for conducting reviews of Disclosure Statements for adequacy and compliance.

(4) The cognizant FACO is responsible for determinations of adequacy and compliance of the Disclosure Statement.

f. *Determinations.*

(1) *Adequacy Determination.* The contract auditor will conduct an initial adequacy review of a Disclosure Statement to ascertain whether it is current, accurate, and complete and will report the results to the cognizant FACO. The FACO will determine whether or not it adequately describes the offeror's cost accounting practices, based on the recommendation of the auditor. If the FACO identifies any areas of inadequacy, the FACO should request a revised Disclosure Statement. If the Disclosure Statement is adequate, the FACO should notify the offeror in writing, with copies to the auditor and FACO. The notice of adequacy should state that a disclosed practice will not, by virtue of such disclosure, be considered an approved practice for pricing proposals or accumulating and reporting contract performance cost data. Generally, the FACO should furnish the contractor notification of adequacy within 30 days after the Disclosure Statement has been received by the FACO.

(2) *Compliance Determination.* After the notification of adequacy, the auditor must conduct a detailed compliance review to determine whether or not the disclosed practices comply with cost principles and the CAS and will advise the CO of the results. The CO should take action regarding noncompliance with CAS. The CO may require a revised Disclosure Statement and adjustment of the prime contract price or cost allowance. Noncompliance with cost principles should be processed separately, in accordance with normal administrative practices.

g. Subcontractor Disclosure Statements.

(1) When FAA requires determinations of adequacy, the FACO cognizant of the subcontractor will provide such determination to the FACO cognizant of the prime contractor or next higher tier subcontractor. FACO's cognizant of higher tier subcontractors or prime contractors should not reverse the determination of the FACO cognizant of the subcontractor.

(2) The agency head may determine that it is not practical to secure the Disclosure Statement, although submission is required, and authorize contract award without obtaining the Statement. The agency head must, within 30 days of having done so, submit a report to the Cost Accounting Standards Board setting forth all material facts. This authority may not be delegated.

h. Changes to Disclosed or Established Cost Accounting Practices. Adjustments to contracts and withholding amounts payable for CAS noncompliance, new standards, or voluntary changes are required only if the amounts involved are material. In determining whether amounts of cost are material, the following criteria will be considered by the CO where appropriate; no one criterion is necessarily determinative:

(1) *The absolute dollar amount involved.* The larger the dollar amount, the more likely that it will be material.

(2) *The amount of contract cost compared with the amount under consideration.* The larger the proportion of the amount under consideration to contract cost, the more likely it is to be material.

(3) *The relationship between a cost item and a cost objective.* Direct cost items, since the amounts are themselves part of a base for allocation of indirect costs, will normally have more impact than the same amount of indirect costs.

(4) *The impact of Government participation.* Changes in accounting treatment will have more impact if they influence the distribution of costs between Government and non-Government cost objectives than if all cost objectives are with the Government.

(5) *The cumulative impact of individually immaterial items.* It is appropriate to consider whether such impacts:

(a) Tend to offset one another; or

(b) Tend to be in the same direction and hence to accumulate into a material amount.

(6) The cost of administrative processing of the price adjustment modification should be considered. If the cost to process exceeds the amount to be recovered, it is less likely the amount will be material.

The FACO may forego action to require that a cost impact proposal be submitted or to adjust contracts, if the FACO determines the amount involved is immaterial. However, in the case of noncompliance issues, the FACO should inform the contractor that:

(1) FAA reserves the right to make appropriate contract adjustments if, in the future, the FACO determines that the cost impact has become material; and

(2) The contractor is not excused from the obligation to comply with the applicable Standard or rules and regulations involved.

i. *Equitable Adjustments for New or Modified Standards.*

(1) *New or Modified Standards.*

(a) AMS clause 3.2.3-1, Cost Accounting Standards Notices and Certification, requires offerors to state whether or not the award of the contemplated contract would require a change to established cost accounting practices affecting existing contracts and subcontracts. The FACO ensures that the contractor's response to the notice is made known to the CO.

(b) Contracts and subcontracts containing AMS clause 3.2.3-2, Cost Accounting Standards, may require equitable adjustments to comply with new or modified CAS. Such adjustments are limited to contracts and subcontracts awarded subject to full CAS coverage before the effective date of each new or modified standard. A new or modified standard becomes applicable prospectively to these contracts and subcontracts when a new contract or subcontract containing AMS clause 3.2.3-2, Cost Accounting Standards, is awarded on or after the effective date of the new or modified standard.

(c) COs should encourage contractors to submit any change in accounting practice in anticipation of complying with a new or modified standard as soon as practical after the new or modified Standard has been promulgated by the Cost Accounting Standards Board. Any changes should be provided to the FACO for adequacy and compliance determinations.

(2) Accounting Changes.

(a) AMS clause 3.2.3-5, Administration of Cost Accounting Standards, requires the contractor to submit a description of any change in cost accounting practices required to comply with a new or modified CAS within 60 days (or other mutually agreed to date) after award of a contract requiring the change.

(b) The FACO will request the cognizant auditor to review the proposed change concurrently for adequacy and compliance. If the change meets both tests, the FACO will notify the contractor and may request submission of a cost impact proposal or a report of general dollar magnitude. However, if the practice is not yet being performed, it may not be able to be tested for compliance.

(3) Contract Price Adjustments.

(a) The FACO should promptly analyze the cost impact proposal with the assistance of the auditor, determine the impact, and negotiate the contract price adjustment on behalf of all Government agencies. The FACO should invite COs from other agencies to participate in negotiations of adjustments when the price of any of their contracts may be increased or decreased by \$10,000 or more. At the conclusion of negotiations, the FACO will:

(i) Inform the COs of affected contracts so the COs may execute supplemental agreements to the contracts;

(ii) Prepare a negotiation memorandum and send copies to cognizant auditors and COs of other agencies having prime contracts affected by the negotiation (those agencies execute supplemental agreements in the amounts negotiated); and

(iii) Furnish copies of the memorandum indicating the effect on costs to the CO of the next higher tier subcontractor or prime contractor, as appropriate, if a subcontract is to be adjusted. This memorandum will serve as the basis for negotiation between the subcontractor and the next higher tier subcontractor or prime contractor and for execution of a supplemental agreement to the subcontract.

(b) If the parties fail to agree on the cost or price adjustment, the FACO may make a unilateral adjustment, subject to contractor appeal.

(4) Remedies for Contractor Failure to Make Required Submissions.

(a) If the contractor does not submit the accounting change description or the general dollar magnitude of the change or cost impact proposal (in the form and manner specified), the FACO, with the assistance of the auditor, estimates the general dollar magnitude of the cost impact on CAS-covered contracts and subcontracts. The FACO then informs the COs who may withhold an amount not to exceed 10 percent of each subsequent amount determined payable related to the contractor's CAS-covered prime contracts, up to the estimated general dollar magnitude of the cost impact, until the required submission is furnished by the contractor.

(b) If the contractor has not submitted the cost impact proposal before the total withheld amount reaches the estimated general dollar magnitude and the FACO determines that an adjustment is required, the FACO, with assistance from the CO, should request the contractor to agree to the cost or price adjustment. The contractor should also be advised that in the event no agreement on the cost or price adjustment is reached within 20 days, the FACO may have the COs make a unilateral adjustment, subject to contractor appeal.

j. Noncompliance with CAS Requirements.

(1) Determination of Noncompliance.

(a) Within 15 days of the receipt of a report of alleged noncompliance from the auditor, the FACO makes an initial finding of compliance or noncompliance and advise the auditor.

(b) If an initial finding of noncompliance is made, the FACO immediately notifies the contractor in writing of the exact nature of the noncompliance and allow the contractor 60 days within which to agree or to submit reasons why the existing practices are considered to be in compliance.

(c) If the contractor agrees with the initial finding of noncompliance, the FACO reviews the contractor submissions required by paragraph (a) of AMS clause 3.2.3-5, Administration of Cost Accounting Standards.

(d) If the contractor disagrees with the initial noncompliance finding, the FACO reviews the reasons why the contractor considers the existing practices to be in compliance and make a determination of compliance or noncompliance. If the FACO determines that the contractor's practices are in noncompliance, a written explanation is provided as to why the FACO disagrees with the contractor's rationale. The FACO notifies the contractor and the auditor in writing of the determination. If the FACO makes a determination of noncompliance, the procedures in (b) through (d), as appropriate, are followed.

(2) *Accounting Changes.*

(a) AMS Clause 3.2.3-5, Administration of Cost Accounting Standards, requires the contractor to submit a description of any cost accounting practice change needed to correct a noncompliance.

(b) The FACO reviews the proposed change concurrently for adequacy and compliance. If the description of the change meets both tests, the FACO notifies the contractor and request submission of a cost impact proposal.

(3) *Contract Price Adjustments.*

(a) The FACO requests that the contractor submit a cost impact proposal within the time specified in AMS Clause 3.2.3-5, Administration of Cost Accounting Standards.

(b) Upon receipt of the cost impact proposal, the FACO follows the procedures in subparagraph (3) (a) under above paragraph j. "Equitable Adjustments for New or Modified Standards". In accordance with the AMS Clause 3.2.3-2, Cost Accounting Standards, the FACO must include and separately identify, as part of the computation of the contract price adjustment(s), applicable interest on any increased costs paid to the contractor as a result of the noncompliance. Interest must be computed from the date of overpayment to the time the adjustment is affected. If the costs were incurred and paid evenly over the fiscal years during which the noncompliance occurred, then the midpoint of the period in which the noncompliance began may be considered the baseline for the computation of interest. An alternate equitable method should be used if the costs were not incurred and paid evenly over the fiscal years during which the noncompliance occurred. Interest should be computed pursuant to AMS Clause 3.3.1-9, Interest.

(4) *Remedies for Contractor Failure to Make Required Submissions.*

(a) If the contractor does not submit the accounting change description or the general dollar magnitude of the change or cost impact proposal (in the form and manner specified), the FACO, with the assistance of the auditor, should estimate the general dollar magnitude of the cost impact on CAS-covered contracts and subcontracts. The FACO should inform the COs who may then withhold an amount not to exceed 10 percent of each subsequent amount determined payable related to the contractor's CAS- covered prime contracts, up to the estimated general dollar magnitude of the cost impact until the required submission is furnished by the contractor.

(b) If the contractor has not submitted the cost impact proposal before the total withheld amount reaches the estimated general dollar magnitude and the FACO determines that an adjustment is required, the FACO, with assistance from the CO, should request the contractor to agree to the cost or price adjustment. The contractor should also be advised that in the event no agreement on the cost or price adjustment

is reached within 20 days, the FACO may have the COs make a unilateral adjustment, subject to contractor appeal.

(c) If the FACO determines that there is no material increase in costs as a result of the noncompliance, the FACO notifies the contractor in writing that the contractor is in noncompliance, that corrective action should be taken, and that if such noncompliance subsequently results in materially increased costs to the FAA, the provisions of AMS Clause 3.2.3-2, Cost Accounting Standards and/or AMS Clause 3.2.3-3, Disclosure and Consistency of Cost Accounting Practices, will be enforced.

k. *Voluntary Changes.*

(1) *General.*

(a) The contractor may voluntarily change its disclosed or established cost accounting practices.

(b) The contract price may be adjusted for voluntary changes. However, increased costs resulting from a voluntary change may be allowed only if the CO determines that the change is desirable and not detrimental to the interest of FAA.

(2) *Accounting Changes.*

(a) AMS Clause 3.2.3-5, Administration of Cost Accounting Standards, requires the contractor to notify the FACO and submit a description of any voluntary cost accounting practice change not less than 60 days (or such other date as may be mutually agreed to) before implementation of the voluntary change.

(b) The FACO reviews the proposed change concurrently for adequacy and compliance. If the description of the change meets both tests, the FACO notifies the contractor and requests submission of a cost impact proposal.

(3) *Contract Price Adjustments.*

(a) With the assistance of the auditor, the FACO promptly analyzes the cost impact proposal to determine whether or not the proposed change will result in increased costs being paid by FAA. The FACO considers all of the contractor's affected CAS-covered contracts and subcontracts, but any cost changes to higher-tier subcontracts or contracts of other contractors over and above the cost of the subcontract adjustment are not considered.

(b) The FACO then follows the procedures in above subparagraph j, "Equitable Adjustments for New or Modified Standards."

(4) *Remedies for Contractor Failure to Make Required Submissions.*

(a) If the contractor does not submit the accounting change description or the general dollar magnitude of the change or cost impact proposal (in the form and manner specified), the FACO, with the assistance of the auditor, estimates the general dollar magnitude of the cost impact on CAS-covered contracts and subcontracts. The FACO may then withhold an amount not to exceed 10 percent of each subsequent amount determined payable related to the contractor's CAS- covered prime contracts up to the estimated general dollar magnitude of the cost impact, until the required submission is furnished by the contractor.

(b) If the contractor has not submitted the cost impact proposal before the total withheld amount reaches the estimated general dollar magnitude and the FACO determines that an adjustment is appropriate, the FACO, with assistance from the CO, should request the contractor to agree to the cost or price adjustment. The contractor should also be advised that in the event no agreement on the cost or price adjustment is reached within 20 days, the FACO may have the COs make a unilateral adjustment, subject to contractor appeal.

1. *Subcontract Administration.* When a negotiated CAS price adjustment or a determination of noncompliance is required at the subcontract level, the FACO cognizant of the subcontractor should make the determination and advise the FACO cognizant of the prime contractor or next higher tier subcontractor of his decision. FACOs cognizant of higher tier subcontractors or prime contractors should not reverse the determination of the FACO cognizant of the subcontractor.

4 Financial Administrative Contracting Officer (FACO) Added 4/2014

a. *Definition.* Financial Administrative Contracting Officers (FACO) are FAA employees who perform financial administration, including at a minimum system adequacy determination, forward pricing and year-end actual rate administration and negotiation, and cost allowability determination to companies whenever the FAA is the cognizant agency.

b. *Roles and Responsibilities.*

- (1) Establish billing rates, make forward pricing rate recommendations, negotiate forward pricing rate agreements, and negotiate final indirect rates for cost-reimbursement contracts with companies over whom FAA has cognizance;
- (2) Make final determinations on adequacy of contractor accounting systems;
- (3) Determine the contractor's compliance with Cost Accounting Standards (CAS) as applicable;
- (4) Determine the allowability of cost suspended or disapproved, direct suspension or disapproval of costs when there is reason to believe they should be suspended or disapproved;
- (5) Issue Notices of Intent to disallow or not recognize costs;

(6) Negotiate advance agreements applicable to treatment of certain costs;

(7) Send letter(s) to contractor, contracting officers and affected external agencies notifying them of FACO actions, recommendations, negotiations as appropriate.

B Clauses

[view contract clauses](#)

C Forms

[view procurement forms](#)

D Appendix Revised 10/2007

1 Appendix - Instructions for Submitting Certified Cost/Price Proposals Revised 4/2017 10/2018

INSTRUCTION FOR SUBMITTING COST/PRICE PROPOSALS WHEN CERTIFIED

COST OR PRICING DATA ARE REQUIRED

Note 1. There is a clear distinction between submitting certified cost or pricing data and merely making available books, records, and other documents without identification. The requirement for submission of certified cost or pricing data is met when all accurate cost or pricing data reasonably available to the offeror have been submitted, either actually or by specific identification, to the Contracting Officer (CO) or an authorized representative. As later information comes into the offeror's possession, it should be submitted promptly to the CO in a manner that clearly shows how the information relates to the offeror's price proposal. The requirement for submission of certified cost or pricing data continues up to the time of agreement on price, or an earlier date agreed upon between the parties if applicable.

Note 2. By submitting the offeror's proposal, the offeror grants the CO or an authorized representative the right to examine records that formed the basis for the pricing proposal. That examination can take place at any time before award. It may include those books, records, documents, and other types of factual information (regardless of form or whether the information is specifically referenced or included in the proposal as the basis for pricing) that will permit an adequate evaluation of the proposed price.

I. GENERAL INSTRUCTIONS

A. The offeror must provide the following information on the first page of the offeror's pricing proposal:

- (1) Solicitation, contract, and/or modification number;
- (2) Name and address of offeror;
- (3) Name and telephone number of point of contact;
- (4) Name of contract administration office (if available);
- (5) Type of contract action (that is, new contract, change order, price revision/redetermination, letter contract, unpriced order, or other);
- (6) Proposed cost; profit or fee; and total;
- (7) Whether the offeror will require the use of Government property in the performance of the contract, and, if so, what property;
- (8) Whether the offeror's organization is subject to cost accounting standards; whether the offeror's organization has submitted a Cost Accounting Standards Board (CASB) Disclosure Statement, and if it has been determined adequate; whether the offeror have been notified that the offeror are or may be in noncompliance with the offeror's Disclosure Statement or CAS, and, if yes, an explanation; whether any aspect of this proposal is inconsistent with the offeror's disclosed practices or applicable CAS, and, if so, an explanation; and whether the proposal is consistent with the offeror's established estimating and accounting principles and procedures and FAA Cost Principles, and, if not, an explanation;
- (9) The following statement:

"This proposal reflects our estimates and/or actual costs as of this date and conforms to the instructions contained in the Appendix D1 to ~~Toolbox~~ Section AMS Guidance T3.2.3, 'Cost and Price Methodology.'" By submitting this proposal, we grant the CO and authorized representative(s) the right to examine, at any time before award, those records, which include books, documents, accounting procedures and practices, and other data, regardless of type and form or whether such supporting information is specifically referenced or included in the proposal as the basis for pricing, that will permit an adequate evaluation of the proposed price."
- (10) Date of submission; and
- (11) Name, title and signature of authorized representative.

B. In submitting the offeror's proposal, the offeror must include an index, appropriately referenced, of all the cost or pricing data and information accompanying or identified in the proposal. In addition, the offeror must annotate any future additions and/or revisions, up to the date of agreement on price, or an earlier date agreed upon by the parties, on a supplemental index.

C. As part of the specific information required, the offeror must submit, with the offeror's proposal, certified cost or pricing data (that is, data that are verifiable and factual and otherwise as defined in FAA AMS Appendix C. The offeror must clearly identify on the offeror's cover sheet that certified cost or pricing data are included as part of the proposal. In addition, the offeror must submit with the offeror's proposal any information reasonably required to explain the offeror's estimating process, including

(1) The judgmental factors applied and the mathematical or other methods used in the estimate, including those used in projecting from known data; and

(2) The nature and amount of any contingencies included in the proposed price.

D. The offeror must show the relationship between contract line item prices and the total contract price. The offeror must attach cost-element breakdowns for each proposed line item, using the appropriate format prescribed in the "Formats for Submission of Line Item Summaries" section of this table. The offeror must furnish supporting breakdowns for each cost element, consistent with the offeror's cost accounting system.

E. When more than one contract line item is proposed, the offeror must also provide summary total amounts covering all line items for each element of cost.

F. Whenever the offeror have incurred costs for work performed before submission of a proposal, the offeror must identify those costs in the offeror's cost/price proposal.

G. If the offeror has reached an agreement with Government representatives on use of forward pricing rates/factors, identify the agreement, include a copy, and describe its nature.

H. As soon as practicable after final agreement on price or an earlier date agreed to by the parties, but before the award resulting from the proposal the offeror must submit a Certificate of Current Cost or Pricing Data as follows:

(1) Certificate

CERTIFICATE OF CURRENT COST OR PRICING DATA

This is to certify that, to the best of my knowledge and belief, the cost or pricing data submitted, either actually or by specific identification in writing, to the CO or to the CO's representative in support of [*] are accurate, complete, and current as of [**]. This certification includes the cost or pricing data supporting any advance agreements and forward pricing rate agreements between the offeror and the Government that are part of the proposal.

[Offeror insert the following information.]

Firm _____

Signature _____

Name _____

Title _____

Date of execution [*** _____]

**Offeror identify the proposal, request for price adjustment, or other submission involved, giving the appropriate identifying number (e.g., SIR No.)*

*** Offeror insert the day, month, and year when price negotiations were concluded and price agreement was reached or, if applicable, an earlier date agreed upon between the parties that is as close as practicable to the date of agreement on price.*

**** Offeror insert the day, month, and year of signing, which should be as close as practicable to the date when the price negotiations were concluded and the contract price was agreed to.*

(End of certificate)

(2) The certificate does not constitute a representation as to the accuracy of the offeror's judgment on the estimate of future costs or projections. It applies to the data upon which the judgment or estimate was based. This distinction between fact and judgment should be clearly understood. If the offeror had information reasonably available at the time of agreement showing that the negotiated price was not based on accurate, complete, and current data, the offeror's responsibility is not limited by any lack of personal knowledge of the information on the part of its negotiators.

(3) The CO and offeror are encouraged to reach a prior agreement on criteria for establishing closing or cutoff dates when appropriate in order to minimize delays associated with proposal updates. Closing or cutoff dates should be included as part of the data submitted with the proposal and, before agreement on price, data should be updated by the offeror to the latest closing or cutoff dates for which the data are available. Use of cutoff dates coinciding with reports is acceptable, as certain data may not be reasonably available before normal periodic closing dates (e.g., actual indirect costs). Data within the offeror's or a subcontractor's organization on matters significant to offeror management and to FAA will be treated as reasonably available. What is significant depends upon the circumstances of each acquisition.

(4) Possession of a Certificate of Current Cost or Pricing Data is not a substitute for examining and analyzing the offeror's proposal.

(5) If certified cost or pricing data are requested by FAA and submitted by an offeror, but an exception is later found to apply, the data must not be considered certified cost or pricing data and must not be certified in accordance with this subsection.

II. COST ELEMENTS

Depending on the offeror's system, the offeror must provide breakdowns for the following basic cost elements, as applicable:

A. Materials and services. Provide a consolidated priced summary of individual material quantities included in the various tasks, orders, or contract line items being proposed and the basis for pricing (vendor quotes, invoice prices, etc.). Include raw materials, parts, components, assemblies, and services to be produced or performed by others. For all items proposed, identify the item and show the source, quantity, and price. Conduct price analyses of all subcontractor proposals. Conduct cost analyses for all subcontracts when certified cost or pricing data are submitted by the subcontractor. Include these analyses as part of the offeror's own certified cost or pricing data submissions. Submit the subcontractor certified cost or pricing data as part of the offeror's own certified cost or pricing data as required in subparagraph IIA (2) below. These requirements also apply to all subcontractors if required to submit certified cost or pricing data.

(1) Adequate Price Competition. Provide data showing the degree of competition and the basis for establishing the source and reasonableness of price. For interorganizational transfers priced at other than the cost of comparable competitive commercial work of the division, subsidiary, or affiliate of the offeror, explain the pricing method.

(2) All Other. Obtain certified cost or pricing data from prospective sources (i.e., adequate price competition, commercial items, prices set by law or regulation or waiver). Also provide data showing the basis for establishing source and reasonableness of price. In addition, provide a summary of the offeror's cost analysis and a copy of certified cost or pricing data submitted by the prospective source in support of each subcontract or purchase order that is the lower of either \$10,000,000 or more, or both more than the pertinent certified cost or pricing data threshold and more than 10 percent of the prime offeror's proposed price. The CO may require the offeror to submit certified cost or pricing data in support of proposals in lower amounts. Subcontractor certified cost or pricing data must be accurate, complete and current as of the date of final price agreement, or an earlier date agreed upon by the parties, given on the prime offeror's Certificate of Current Cost or Pricing Data. The prime offeror is responsible for updating a prospective subcontractor's data. For standard commercial items fabricated by the offeror that are generally stocked in inventory, provide a separate cost breakdown, if priced based on cost. For interorganizational transfers priced at cost, provide a separate breakdown of cost elements. Analyze the cost or pricing data and submit the results of the offeror's analysis of the prospective source's proposal. When submission of a prospective source's certified cost or pricing data is required as described in this paragraph, it must be included along with the offeror's own certified cost or pricing data submission, as part of the offeror's own certified cost or pricing data. The offeror must also submit any other certified cost or pricing data obtained from a subcontractor, either actually or by specific identification, along with the results of any analysis performed on that data.

B. Direct Labor. Provide a time-phased (e.g., monthly, quarterly, etc.) breakdown of labor hours, rates, and cost by appropriate category, and furnish bases for estimates.

C. Indirect Costs. Indicate how the offeror have computed and applied the offeror's indirect costs, including cost breakdowns. Show trends and budgetary data to provide a basis for evaluating the reasonableness of proposed rates. Indicate the rates used and provide an appropriate explanation.

D. Other Costs. List all other costs not otherwise included in the categories described above (e.g., special tooling, travel, computer and consultant services, preservation, packaging and packing, spoilage and rework, and Federal excise tax on finished articles) and provide bases for pricing.

E. Royalties. If royalties exceed \$1,500, the offeror must provide the following information on a separate page for each separate royalty or license fee:

- (1) Name and address of licensor.
- (2) Date of license agreement.
- (3) Patent numbers.
- (4) Patent application serial numbers, or other basis on which the royalty is payable.
- (5) Brief description (including any part or model numbers of each contract item or component on which the royalty is payable).
- (6) Percentage or dollar rate of royalty per unit.
- (7) Unit price of contract item.
- (8) Number of units.
- (9) Total dollar amount of royalties.
- (10) If specifically requested by the CO, a copy of the current license agreement and identification of applicable claims of specific patents.

F. Facilities Capital Cost of Money. When the offeror elects to claim facilities capital cost of money as an allowable cost, the offeror must submit form "Contract Facilities Capital and Cost of Money." (see [Template 32 in the FAA-AMS Procurement Forms section of the Procurement Toolbox](#)). The offeror must show the calculation of the proposed amount.

III. FORMATS FOR SUBMISSION OF LINE ITEM SUMMARIES

A. New Contracts (including letter contracts)

(1)	(2)	(3)	(4)
COST ELEMENTS	PROPOSED CONTRACT ESTIMATE- TOTAL COST	PROPOSED CONTRACT ESTIMATE- UNIT COST	REFERENCE

Column Instruction

(1) Enter appropriate cost elements.

(2) Enter those necessary and reasonable costs that, in the offeror’s judgment, will properly be incurred in efficient contract performance. When any of the costs in this column have already been incurred (e.g., under a letter contract), describe them on an attached supporting page. When preproduction or startup costs are significant, or when specifically requested to do so by the CO, provide a full identification and explanation of them.

(3) Optional, unless required by the CO.

(4) Identify the attachment in which the information supporting the specific cost element may be found. (Attach separate pages as necessary.)

B. Change Orders, Modifications, and Claims.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
COST ELEMENTS	ESTIMATED COST OF ALL WORK COMPLETED	COST OF DELETED WORK ALREADY PERFORMED	NET COST TO BE DELETED	COST OF WORK ADDED	NET COST OF CHANGE	REFERENCE

Column Instructions

(1) Enter appropriate cost elements.

(2) Include the current estimates of what the cost would have been to complete the deleted work not yet performed (not the original proposal estimates), and the cost of deleted work already performed.

(3) Include the incurred cost of deleted work already performed, using actuals incurred if possible, or, if actuals are not available, estimates from the contractor's accounting records. Attach a detailed inventory of work, materials, parts, components, and hardware already purchased, manufactured, or performed and deleted by the change, indicating the cost and proposed disposition of each line item. Also, if the contractor desires to retain these items or any portion of them, indicate the amount offered for them.

(4) Enter the net cost to be deleted, which is the estimated cost of all deleted work less the cost of deleted work already performed. Column (2) minus Column (3) equals Column (4).

(5) Enter the contractor's estimate for cost of work added by the change. When nonrecurring costs are significant, or when specifically requested to do so by the CO, provide a full identification and explanation of them. When any of the costs in this column have already been incurred, describe them on an attached a supporting schedule.

(6) Enter the net cost of change, which is the cost of work added, less the net cost to be deleted. Column (5) minus Column (4) equals Column (6). When this result is negative, place the amount in parentheses.

(7) Identify the attachment in which the information supporting the specific cost element may be found. (*Attach separate pages as necessary.*)

2 Appendix – Developing A Detailed Independent Government Cost Estimate Revised 1/2017

(1) *Developing a Detailed Cost Estimate.* An IGCE should be independently prepared by a subject matter expert(s). To begin, the estimator should perform a detailed analysis of the requirement. The estimator should be familiar with the market for the item, including prior prices, inflation, market conditions, quantity, existing and emerging technologies, and substitutions. The estimator should be able to explain clearly the rationale used to develop the estimate and document the results. The estimator should list any assumptions, methodology used, and reference material used in developing the estimate.

Detailed Cost Estimate – Standard Elements. The following description of standard cost elements used in a detailed estimate is intended to assist in the preparation of a detailed IGCE. A sample format for a detailed cost estimate is in Appendix 3.

a. Estimating Labor Hours

(i) Labor costs are usually the most significant part of the cost estimate for a contract. Direct labor is the labor directly applied to the task or project performed under a contract. Estimating hours for individual labor categories may be achieved using one or a combination of several techniques.

(ii) Evaluating historical actual cost data gathered from FAA contracts for similar goods or services to estimate future requirements. The comparison between past and future items or services can be accomplished at a summary or task level. Many companies keep detailed cost records at the task level, which may be utilized if FAA has access to these records. When using this method consider aberrations that could skew the estimate. Consider also possible reductions in labor hours resulting from improvement from experience. This reduction can be estimated using learning curve theories.

(iii) Labor standards may be used to estimate labor hours for manufacturing or repetitive functions. Labor standards are developed from data within the company, data published by trade associations, and data gathered from various other reference sources. For example, a company may determine that to produce a widget requires a standard of 12 hours of an engineer's time. This means that on average 12 engineer hours are needed to produce one widget; the actual time may vary from widget to widget.

(iv) Estimates based on the professional experience and judgment of engineers and managers may be used to estimate labor hours, but it is the least accurate approach to estimating. Determining the proper mix of labor categories is important to make sure that the type of labor as well as the skill level of workers is appropriate for the work to be performed.

(v) Labor hours may vary from year to year depending on the goods or services acquired. Estimated hours should be adjusted when more or less work is anticipated in different years.

(vi) The productive hours for full-time contractor personnel should account for the anticipated vacations, holidays, sick days, and other administrative days. The number of potential work hours in a year is 2,080 (40 hours per week X 52 weeks per year); from the 2,080 hours estimated hours for vacation time (e.g. 120 hours), holidays (e.g. 80 hours), and sick leave (e.g. 40 hours) should be deducted (2,080 hours – 120 vacation hours – 80 holiday hours – 40 sick leave hours = 1,840 productive or direct hours).

Documenting the methods used to estimate labor hours is essential to support the independent government cost estimate. This information must be included in the IGCE narrative. Maintain copies of all source information.

b. *Estimating Labor Rates.* Estimates for labor rates may be derived from many sources including the following:

(i) Historical trends on FAA contracts for similar goods or services (be sure to determine if the labor rates are for direct labor or fully-loaded rates that include overhead, general and administrative, and profit) such as the

Electronic FAA Accelerated and Simplified Tasks (eFAST), and the NAS Implementation Support Contract (NISC).

(ii) Labor rates for similar services from General Services Administration (GSA) Federal Supply Schedules (FSS), Bureau of Labor Statistics (BLS), Office of Personnel Management (OPM) for comparison to federal employee salaries, and private surveys of labor rates may be used. Be sure to determine if the labor rates are for direct labor or fully-loaded rates that include overhead, general and administrative, and profit.

(iii) Geography may influence labor rates. Work locations should be considered because labor rates vary significantly by location for the same labor skills.

(iv) When the potential contractor is known (such as in a single source or contract modification situation) forward pricing rate agreements (FPRA) with the federal government (often through FAA or Defense Contract Management Agency (DCMA)) may be available and should be used to support estimated labor rates.

(v) In the situation of a known contractor, a comparison of labor rates among FAA contracts should be performed; that is checking the labor rates with the labor rates on other FAA contracts (such as eFAST and NISC) for the same labor categories by the same contractor. This comparison avoids paying higher rates for the same labor categories by the same contractor for similar work.

(vi) Labor rates for future periods may be estimated by performing a trend analysis of past labor rates on similar projects, or by escalating labor rates. Escalation must be substantiated by a recognized source such as IHS Global Insight (available on the FAA website) or Bureau of Labor Statistics indices (Consumer Price Index or Producer Price Index).

(vii) Estimates for exempt employees may be estimated for positions performing similar duties covered in Office of Personnel Management (OPM) position descriptions (PD) for general schedule (GS) or wage grade (WG) employees. For example, if an information technology management analyst was required, using OPM's "position classification" worksheet for a series GS-2210 for an information technology management analyst, following the worksheet instructions, the required analyst may be rated as a GS-14 employee equivalent. The salary tables published by OPM states that a GS-14, at a step 5 earns \$106,000 per year or \$50.95 per hour. This figure could be used as the basis for estimate.

(viii) Estimates for non-exempt labor for services and construction are available from the Department of Labor wage determinations provided under

the provisions of the Service Contract Act and the Davis Bacon Act. A non-exempt employee covered by one of these acts must be paid no less than the rate of pay listed in the wage determination. Examining the list may help in determining the appropriate labor categories.

Documenting the methods used to estimate labor rates is essential to support the independent government cost estimate. This information must be included in the IGCE narrative. Maintain copies of all source information.

c. Estimating Indirect Costs.

(i) The following definitions are provided for indirect costs:

<u>Terms</u>	<u>Definitions</u>
Indirect Cost	Any cost that cannot be <i>directly</i> identified with a single final cost objective (i.e. one contract) but can be identified with multiple final cost objectives (i.e. multiple contracts or the overall business).
Fringe Benefit Expenses	Costs of employee benefits – health insurance, vacation, as well as payroll taxes. These costs may be included in Overhead, rather than being a separate rate
Overhead Expenses	Costs benefiting more than one contract, such as supervision, training, and professional membership fees
General and Administrative (G&A) Expenses	Expenses that benefit the business as a whole, such as executives, accounting, and legal.
Material Handling Rate	Costs associated with ordering, receiving, inspecting, and shipping materials even when purchased for FAA at cost. Costs associated with subcontracts, including subcontract management
Facilities Capital Cost of Money (FCCM)	FCCM is an imputed cost that represents the cost to the contractor employing capital when investing in facilities or assets under construction that benefit FAA.
Indirect Cost Pool	An indirect cost pool is a logical grouping of incurred costs identified with multiple final cost objectives.
Allocation Base	The costs over which the indirect rates are spread (the denominator in the indirect rate calculation). The allocation base and the indirect costs in the associated pool must have a causal/beneficial relationship.

(ii) When the potential contractor is known (such as in a single source or contract modification situation) forward pricing rate agreements (FPRA) with the federal government (often through FAA or Defense Contract Management Agency (DCMA)) may be available and must be used to support estimated indirect rates.

a. There may also be a forward pricing rate recommendation (FPRR) available, if no FPRA. This may come from FAA, DCMA, or the Defense Contract Audit Agency (DCAA).

(iii) Understanding the composition of each indirect cost or overhead pool is important to ensure proper treatment of costs and to avoid duplication. If a cost estimate contains fully loaded rates, fringe benefits, overhead, G&A, and fee should already be included. Additional overhead should not be applied to avoid over estimating the cost.

d. *Material Overhead.* Material overhead or material handling includes the expenses associated with acquiring, transporting, receiving, inspecting, handling, and storing materials. Different options exist for collecting and allocating indirect material-related costs. Because material costs can vary significantly from contract to contract, a separate pool ensures that overhead costs are charged commensurately with the material cost in the contract. This pool often contains subcontract expenses, as well.

e. *Labor Overhead.*

(i) Labor overhead includes:

a. Indirect labor consisting of supervision, inspection, maintenance, custodial, and other personnel whose labor is not charged directly to a production or operation;

b. Costs associated with labor such as Social Security, unemployment taxes, and fringe benefits, if not in a separate indirect cost pool;

c. Indirect supplies such as small tools and janitorial supplies; and

d. Fixed charges such as depreciation, insurance, rent, and property taxes.

(ii) Overhead may vary significantly if the work is being performed on-site (contractor's location) or off-site (government's location). Off-site work normally is lower because the contractor does not need to maintain a building and avoid costs such as utilities.

(iii) Labor overhead is often separated by labor function such as engineering and manufacturing overhead.

f. *Fringe Benefits Overhead.* Contractors often have a separate pool for fringe benefits. Fringe benefits may include:

- (i) Vacation leave;
- (ii) Sick pay;
- (iii) Holidays;
- (iv) Health Insurance;
- (v) Payroll taxes; and
- (vi) Supplemental unemployment benefits.

g. *General and Administrative (G&A) Expense.*

(i) General and administrative costs typically include labor for corporate officers, clerical personnel, accountants, human resources personnel, purchasing agents, and attorneys. It also includes the cost of corporate level equipment, office supplies, utilities, interest expense, and legal costs.

(ii) The G&A allocation base one of three groups of costs:

a. Total cost input (TCI) is the preferred base to apply the G&A rate. The total cost input base includes all costs, both direct and indirect (excludes profit). This approach must be used unless there is a reasonable basis to use one of the other approaches

b. Value-added cost input is total cost minus material and subcontract costs. Value-added is appropriate when the inclusion of material and subcontract costs would distort the G&A allocation. When material and subcontract costs are significant, the use of value-added G&A allocation may be a better measure of G&A expense than total cost input.

c. Single element cost input would use one cost element to allocate G&A expense. For example, the G&A rate would be multiplied by only the direct labor cost. This approach may be used when there are no other significant cost elements, or when other significant elements vary in the same proportion to total costs. This is the least preferred method.

h. *Material Costs.* The following approaches could support the estimated cost for materials:

(i) If the contract is a follow-on or is similar to another FAA contract, the purchase history of the costs of materials could be a basis for estimate. The IGCE narrative should explain the similarities between the needed material

and the historical basis. The estimate must be supported with accounting records, vendor invoices, bills of material, or other documentation that can support a per unit cost of the items being acquired. Any modification required for the new item being acquired should be estimated and supported.

(ii) Commercial items and catalog prices could be used to estimate material costs. Examples would include things like security cameras and doors. Copies of the catalogs used to estimate the material cost should be retained.

(iii) Vendor quotes can be used to estimate material costs. Vendor quotes from similar FAA contracts may be used to estimate material costs for the new acquisition.

(iv) Prices of some commodities may be regulated by law; in this case a copy of the law listing the particular commodity's price would support the cost estimate.

(v) The Producer Price Index (PPI) is an example of a widely used published index for escalation of material cost. The Bureau of Labor Statistics' PPI lists products by commodity groups and individual items. Trade and industry publications are other possible sources for obtaining appropriate data for material cost escalation.

i. *Escalation.* Future periods may be estimated by performing a trend analysis of past projects that are similar to the proposed work, or by using escalation factors. Escalation must be substantiated by a recognized source such as IHS Global Insight or the Bureau of Labor Statistics indices (Consumer Price Index or Producer Price Index).

j. *Other Direct Costs (ODC).* Other direct costs (ODC) are costs charged directly to the contract that have not been included in proposed material, direct labor, indirect costs, or any other category of costs. Examples of ODC include special tooling, shipping expenses, reproduction costs, royalties, and federal excise taxes. All ODC should be listed in the IGCE, and supporting documentation retained and available for inspection by interested third parties.

k. *Travel Costs.* The program office must estimate the number of trips, the origin and destination for each trip, the length of stay, and the number of persons per trip before estimating the cost of travel. The purpose for the trips should be included in the IGCE narrative. Travel costs usually include cost of transportation, lodging, and meals and incidental expenses. The Federal Travel Regulation prescribed by the General Services Administration should be used to estimate lodging, meal and incidental expense, mileage for privately owned vehicles used for official travel, and so forth. Estimates for airfare and car rentals can be obtained using several travel web sites. (Note: make and retain copies of all source information used for travel estimates.)

1. *Profit or Fee*. Profit is the revenue in excess of the costs to perform a firm fixed price contract, and a fee is a flat charge paid in addition to costs on cost reimbursable contracts. The use of several forms may develop an estimated profit by using weighted-averages for different functions. These forms include DOT Form 4220 and DD Form 1547. A simpler approach is to apply a percentage to the total cost, excluding any directly reimbursable items. The percentage will vary according to risk factors, market factors, and location.

3 Appendix - Template for Detailed Independent Government Cost Estimate Revised 3/2016

Detailed Independent Government Cost Estimate

Independent Government Cost Estimate for _____

Prepared by: _____

Office title and phone: _____

Date: _____

Direct Labor by Category	Hours		Hourly Rate		Total
		X		=	
		X		=	
		X		=	
		X		=	
			Subtotal		
Labor Overhead (___ %) of labor					
Total Labor (Direct Labor + Labor Overhead)					
Direct Material					
Purchased Parts and Supplies					
Subcontracts					
Other Material					
Total Material					
Other Direct Costs					
Travel					
Consultants					
Special Equipment					
Other					
Total Other Direct Cost					
TOTAL DIRECT COST = (Labor + Material + Other Direct Cost)					
GENERAL AND ADMINISTRATIVE EXPENSE = (_____ %) X Total Direct Cost					
Subtotal					
FEE/PROFIT = (_____ %) X (Direct Cost + General and					

Administrative)	
TOTAL ESTIMATED COST	

Narrative for basis of estimate attached

Section Revised:

3.6.1 A 4 – Subcontracting with Small Business

Procurement Guidance - (~~7/2018~~ 10/2018)

T3.6.1 - Small Business Development Program Revised 4/2009

A Small Business Development Revised 7/2005

1 Procurement Team Responsibilities in Support of the Small Business Development Program Revised 4/2016

2 The FAA Small Business Development Program Office (SBDO) and Liaison Representative Involvement Revised 1/2017

3 Prime Contracting with Small Business Revised 1/2017

4 Subcontracting with Small Business Revised ~~4/2017~~ 10/2018

5 Bonding Assistance and the DOT Lending Program Revised 1/2018

6 Size Standard Verification Revised 1/2017

7 Contract Bundling Revised 1/2017

8 Mentor-Protégé Revised 4/2016

9 Joint Ventures Revised 4/2016

10 Tiered Evaluations Added 7/2016

B Clauses Revised 10/2006

C Forms

T3.6.1 - Small Business Development Program Revised 4/2009

A Small Business Development Revised 7/2005

1 Procurement Team Responsibilities in Support of the Small Business Development Program Revised 4/2016

- a. Effective implementation of the FAA's small business development programs in their contracting actions, including achieving program goals;
- b. Develop small businesses by taking all reasonable action to increase small business participation in the FAA's procurements (including subcontracts);
- c. Consider the feasibility of breaking out requirements to increase opportunities for small businesses to successfully compete for prime contracts;
- d. Consider the extent of small business participation in contract performance during procurement planning;
- e. Obtain guidance from the FAA Small Business Development Program Office (SBDPO)/liaison as it relates to small business development issues. In doing-so, the service teams must coordinate with representatives of the cognizant local SBDPO staff as soon as requirements estimated to exceed \$150,000 are defined to receive assistance in identifying opportunities for small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals. This requirement to coordinate does not apply to contract modifications. The \$150,000 threshold applies to Screening Information Requests (SIRs) issued on or after June 1, 2015. Use the Small Business Set-Aside Determination and Coordination Form to coordinate with the SBDPO and attach (as applicable) the statement of work, single source rational basis documentation, fully executed single source justification, market survey and market analysis to the form (see also AMS Policy on SDB 8(a) Set-Asides for use of this form). In addition, any requirements that had previously been procured through the Small Business/SDB/8(a) Program, but not currently proposed for reprocurement through the Small Business/SDB/8(a) program must be approved by the cognizant local SBDPO staff. If agreement cannot be reached, the FAA Acquisition Executive's approval is required prior to any public notice or solicitation of the requirement; and
- f. Participate and assist in the development of small business conferences and outreach efforts sponsored by the SBDPO.

2 The FAA Small Business Development Program Office (SBDO) and Liaison Representative Involvement Revised 1/2017

The Small Business Development Program Office (SBDPO) maintains a direct working relationship with the procurement teams. When appropriate, the SBDPO interacts with all procurement teams in the following areas to provide support and ensure effective and consistent program implementation:

- a. Participates in procurement workshops to increase access to and award of FAA contracts by small businesses;
- b. Participates in acquisition and procurement planning meetings and other scheduled meetings with the procurement team as advisors;
- c. Identifies potential small businesses that qualify for a particular procurement;
- d. Provides the procurement team with source lists of small businesses;
- e. Ensures that the source selection criteria used to select firms for award is fair, consistent and does not limit opportunities for small businesses;
- f. Provides advertising recommendations to the integrated products teams to ensure all requirements are being advertised in media accessible to small businesses;
- g. Responds to written and telephone inquiries from small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals regarding procurement opportunities with FAA;
- h. Reviews final source lists to ensure an adequate representation of small businesses;
- i. Reviews questions presented at conferences, preparing answers to questions submitted by small businesses, interacting with the integrated product teams for distribution of responses to all potential contractors;
- j. Reviews annual representations and certifications and accompanying documentation using official records found on the System for Award Management (SAM) and VetBiz;
- k. Small Business Administration's Small Business websites will be utilized to support market Research;
- l. Reviews subcontracting plans;
- m. Ensures that small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals are entered into the OSBD database;
- n. Assists in the proposal evaluation process as a non-voting member of the evaluation team;
- o. Conducts on-site pre-award verifications to verify that a sufficient percentage of the ownership, as well as the business control and management of the firm is vested in a disadvantaged group member(s), service-disabled veteran(s) or woman (women) and verify compliance with small business program requirements;

p. Participates in debriefings of unsuccessful small businesses to ensure fair and equitable treatment to all firms;

q. Participates in postaward meetings with successful offerors to ensure a clear understanding of small business program guidelines and engagement of small businesses as subcontractors; and

r. Conducts on-site compliance reviews of contractors with subcontracting plans to ensure compliance with program requirements.

3 Prime Contracting with Small Business Revised 1/2017

a. While the use of small business set-asides as a method of procurement is not mandatory, small businesses must be afforded reasonable opportunities to compete for all procurements. All procurements must first be considered for set-aside before procuring the product or service on an unrestricted basis. Thus, procurement teams should take the following actions when appropriate:

(1) Set-aside procurements competitively in accordance with the policies and guidance contained in Acquisition Management System (AMS) Section 3.2.2 Source Selection;

(2) Consider the capabilities of small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals during the screening phase of each procurement;

(3) Breakout large requirements (if severable) into smaller sized requirements to provide for greater small business participation;

(4) Plan procurements of supplies and services so that more than one small business firm may perform the work (if the work exceeds the amount that a single small business can handle);

(5) Ensure that delivery schedules are established on a realistic basis to encourage small business participation to the extent consistent with actual requirements of FAA;

(6) Encourage teaming relationships among small and large businesses to enhance competition; and

(7) Utilize small businesses on qualified vendor lists on a rotational basis to increase opportunities to the greatest number of small businesses.

b. Conducting set-asides with small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals, and service-disabled veteran owned small businesses:

(1) All set-asides are to be conducted directly with small businesses independent of the Small Business Administration (SBA);

- (2) Procurements may be set-aside exclusively for small businesses;
- (3) Procurements may also be set-aside exclusively for competitive award among small disadvantaged businesses (SDBs) that are expressly certified by the Small Business Administration (SBA) for participation in the SBA's 8(a) program. Each firm claiming 8(a) status is required to provide a copy of its SBA 8(a) certification letter to the Contracting Officer (CO) as evidence of eligibility. There is no requirement for SBA's approval to make award to the selected small disadvantaged business (SDB).
- (4) Procurements may not be exclusively set-aside for women-owned businesses;
- (5) Industry should be notified of the applicable North American Industry Classification (NAIC) System code representing the predominant portion of the overall requirement in the public announcement to ensure small business size eligibility requirements are timely known; and
- (6) The service team will state the date when the firm must be 8(a) certified.
- (7) Procurements may be set-aside exclusively for competitive award among service-disabled veteran owned small businesses (SDVOSB) as defined by 38 U.S.C. 101. Each firm claiming SDVOSB status is required to complete the electronic annual representations and certifications via SAM at <https://www.sam.gov>. to self-certify its eligibility. The firm must also be verified by the Department of Veterans Affairs and appear in the Vendor Information Pages on the Veteran Affairs website.
- (8) There is no requirement to obtain the SBA's or Veteran Administration's approval to make award to the selected SDVOSB. However, unless the firm is designated as a SDVOSB on the VA website, the CO must not make an award to the firm as a SDVOSB.
- (9) *Combined Set-Asides* Procurements may also be set-aside for competitive award among offerors that qualify with the two categories. The requirements of section (b) are applicable to such combined set-asides.
- (10) A procurement may not be set-aside if:
- (a) there is no reasonable expectation of obtaining offers from two or more responsible SDB(8(a)) concerns, small business concerns, or service-disabled veteran owned small business concerns that are competitive in terms of market prices, quality and delivery; or
 - (b) it is in the best interest of the FAA to contract with a single source and the rational basis is documented; or
 - (c) extension of the current services.

c. Noncompetitive Awards to SDB (8(a)) and SDVOSB Firms. A rational basis for the decision to award a noncompetitive SDB (8(a)) or SDVOSB procurement should be documented. Procurement decision makers should consider potential SDB (8(a)) or SDVOSB sources of supply contained in the Source Net, System for Award Management (SAM), and Vetbiz, www.va.gov/osdbu, (market research) websites, available on the Small Business Development Office website. The ownership and control of the sources on this website have been verified by Veterans Affairs (VA). The public announcement requirements of the AMS Section 3.2.1.3.11 are not applicable to noncompetitive awards to SDB (8(a)) or SDVOSB firms if the product being procured is not available from Federal Prison Industries.

There is no requirement to obtain the SBA's or Veteran Administration's approval to make award to the selected SDVOSB. However, unless the firm is designated as a SDVOSB on the VA website, the CO must not make an award to the firm as a SDVOSB.

d. Noncompetitive awards above \$22 million to SEDB 8(a) firms: For such awards, the following additional requirements apply:

(1) The program official must prepare a written justification at a minimum documenting the rational basis for the award as follows:

(a) Description of the supplies/services being purchased;

(b) Determination that a noncompetitive contract is in the best interests of FAA;

(c) Determination that the anticipated cost of the contract will be fair and reasonable; and

(d) Applicable AMS references.

(2) The CO and program official must approve the justification, with concurrence by legal counsel (on the justification) and the Small Business Program Development Office (on the Small Business Set-Aside Determination and Coordination form) before negotiations on the contractor's proposal.

4 Subcontracting with Small Business Revised 1/2017 10/2018

a. In procurements estimated to exceed \$700,000 (\$1,500,000 for construction), the CO must incorporate subcontracting provisions (including attainable and reasonable subcontracting goals for the participation of small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals, women-owned small businesses and service disabled veteran owned small businesses). A template Master Subcontracting Plan to satisfy the applicable requirements of AMS clause 3.6.1-4, Small, Small Disadvantaged, Women-Owned and Service-Disabled Veteran-Owned Small Business Subcontracting Plan is located in [the Procurement ToolboxFAST](#) under [the Samples & Templates section](#) [Procurement Templates & Samples](#).

Subcontracting provisions are not required for; (1) commercial items; (2) when there are no subcontracting possibilities or (3) when the prime contractor is a small business or a small business owned and controlled by a socially and economically disadvantaged individual. The contract should include requirements for contractors to periodically report data on subcontracting accomplishments in sufficient detail to determine the extent of the contractor's attainment of subcontracting goals.

b. The following subcontracting considerations should be used in procurements that have subcontracting provisions as appropriate:

- (1) Establishing goals requires much care to ensure that they are realistic and motivate the contractor. Percentage goals that are unrealistically low will only create a false sense of success and should be avoided. Likewise, goals that are too high can be counterproductive.
- (2) Subcontracting requirements should be a subject for review and discussion at postaward conferences. It is important to monitor contractor performance in meeting goals. This is particularly important early in the life of the contract when the majority of subcontracts will be awarded. Prompt corrective action should be taken if it appears that a contractor will not meet its goal.
- (3) The procurement team should notify the Small Business Development Program Group (SBDPG) or Small Business Liaison Representative of the opportunity to review the subcontracting proposal in sufficient time to provide the representative a reasonable time to review the material and submit advisory recommendations prior to award. The CO is responsible for ensuring that the contractor attains all subcontracting goals. Subcontracting data (accomplishments) must be timely reported in the Electronic Subcontracting Reporting System (eSRS).
- (4) The CO should provide a listing of potential small business subcontractors for information purposes. The FAA should not make any warranty as to their capabilities or abilities to perform any portion of the contract. The listing may be obtained from the SBDPG or Small Business Liaison Representative.
- (5) Evaluate the percentage and dollar volume of planned subcontracting and total dollar volume of expected awards to small business subcontractors (including small businesses owned and controlled by socially and economically disadvantaged individuals, women-owned and service-disabled veteran owned concerns).
- (6) There should be separate subcontracting goals for small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals, women-owned and service-disabled veteran owned concerns expressed as a percentage of total planned subcontracting dollars.
- (7) Identify principal product and service areas to be subcontracted and identify those areas where it is planned to use small business, small businesses owned and controlled by a socially and economically disadvantaged individual, women-owned and service-disabled veteran owned subcontractors.

(8) Review via SAM representations and certifications of principal proposed small business and small disadvantaged business subcontractors, including the type of product or service and the dollar value to be awarded to each principal subcontractor. This information is to be used to assist the CO in making a determination as to the acceptability of the proposed subcontracting goals. The contractor is not contractually bound to make awards to the designated subcontractors nor is the Government approving the subcontracts.

(9) Evaluate extent of complexity and variety of work to be performed by small businesses with greater weight on businesses performing substantive or high technology components or services. In this way, FAA can ensure that small businesses will receive technologically challenging or a meaningful portion of the overall contract.

(10) Include monetary incentives for subcontracting such as including an award fee provision to provide incentives for providing meaningful, technically substantive subcontracting work to small businesses. Under this approach subcontracting proposals that provide appropriate percentage commitments would be accepted, but an award fee contract line item would be incorporated as part of the contract. Receipt of the award fee would be after either preliminary design review, critical design review, or other appropriate milestones. The percentage amount of the award fee pool would be based on the extent the contractor has provided meaningful, technically substantive work to eligible small businesses within the previously accepted percentage goals.

(11) Evaluate past performance related to the offeror's compliance with prior subcontracting proposals and subcontracting plans, with greater weight on subcontracting proposals received from offerors that have successfully attained or exceeded subcontracting goals in the past.

(12) Evaluate level of participation of small businesses evaluated based on the percentage of the total contract value (if appropriate). This is particularly recommended for requirements traditionally performed by small businesses that may be displaced due to the bundling of smaller set-aside requirements into one larger contract.

(13) Contractors should be required to flow down similar subcontracting requirements under the prime contract to all subcontractors (except small businesses).

(14) If an offeror submits an offer that does not address each of the subcontracting provisions, the CO should advise the offeror of the deficiency and request submission of a revised offer by a specific date; and (15) If the offeror does not submit an offer incorporating the subcontracting requirements within the time allotted, the offeror should be ineligible for award.

5 Bonding Assistance and the DOT Lending Program Revised 1/2018

Firms seeking bonding assistance may refer to the National association of Surety Bond Procedures (NASBP) website, <https://www.nasbp.org/home>, and/or click here,

http://events.nasbp.org/STAFF/us/About/FindaProducer/us/FindProducers/Find_a_Producer.aspx?WebsiteKey=ecff5501-6102-4c5a-91f0-2c438675a280, to find bond producers in their area.

6 Size Standards Verification Revised 1/2017

a. To preserve the integrity and foster the objectives of the small business program, FAA must satisfy itself that the ownership, control, and day-to-day management requirements of the program are fulfilled. Each business claiming eligibility as a small business or small business owned and controlled by a socially and economically disadvantaged individual must be required to provide evidence of eligibility prior to award. Prospective contractors must complete electronic annual representations and certifications via SAM at <https://www.sam.gov> and as directed in Guidance subparagraph T3.6.1A3(b). The FAA reserves the right to review and verify each firm's program eligibility. If the firm is not a small business as defined by the North American Industry Classification (NAIC) code size standards, it will not qualify as a small business.

For set-asides restricted to small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals (8(a) certified) and/or service-disabled veteran owned small businesses verification will be performed using SAM and/or VetBiz. The contracting officer will reference the date of verification in the contract file.

b. For unrestricted procurements, the successful offeror must complete electronic annual representations and certifications at SAM.

c. When subcontracting goals are established for small businesses, small businesses owned and controlled by socially and economically disadvantaged individuals, small businesses owned and controlled by women, and service-disabled veteran owned small businesses, the prime contractor must verify a completed profile via SAM for such small businesses counted toward the successful offeror's subcontracting goals.

d. A successful small business program rests with FAA's ability to limit participation to bona fide small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals for they are the intended recipients of the agency's procurement dollars earmarked for small business set-asides.

e. For the owner of the firm to be found to have controlling interest in the company, the following must exist:

(1) The eligible owner holds the position of chairperson of the board, president or chief executive officer;

(2) The eligible owner has the right to vote his or her shares or other equity interest to elect the majority of voting members of the board of directors or other governing body;

(3) The eligible owner holds at least 51% unconditionally ownership and control of the operation; or

(4) The eligible owner has direct full-time responsibility for the day-to-day management of the business, as evidenced by all of the following:

(a) Directly related managerial or technical experience and competency;

(b) Establishment of company policies;

(c) Determination and selection of business opportunities;

(d) Supervision and coordination of projects

(e) Control of major expenditures;

(f) Hiring and dismissing key personnel;

(g) Marketing and sales decisions; and

(h) Signature on major business documents.

7 Contract Bundling Revised 1/2017

a. Definitions:

(1) A bundled contract is a contract that is entered into to meet requirements that are consolidated.

(2) Bundling is consolidation of two or more requirements for supplies or services, previously provided or performed under separate smaller contracts, into a SIR for a single contract that renders a contract likely to be unsuitable for award to a small business concern (including socially and economically disadvantaged (8(a)), small disadvantaged, and women-owned businesses) due to:

(a) The diversity, size, or specialized nature of the elements of the performance specified;

(b) The aggregate dollar value of the anticipated award;

(c) The geographical dispersion of the contract performance sites; or

(d) Any combination of the factors described in paragraphs ~~(2)(i)~~ (i), (ii), and (iii) of this definition.

(3) Measurably Substantial Benefits are the dollar amount of benefits accruing from the bundling of requirements. These benefits can be in many forms to include cost savings, price reduction, quality efficiency, enhance performance, result in better terms and conditions, reduce acquisition cycle times and any other benefits

b. This section is not applicable to contracts whose total estimated bundled value (including all options) is less than \$10 Million.

c. Bundling of contractual requirements is discouraged unless it is necessary and justified. Bundling is necessary and justified if there are substantial benefits which are measurable and quantifiable. The service team must document the measurably substantial benefits to the Government. Benefits must be equivalent to 10% if the total anticipated contract value is \$94 million or less; or 5% if the contract value exceeds \$94 million.

d. To ensure that prime contract opportunities are provided to small businesses, the following alternatives must be considered prior to bundling:

(1) Breaking up the procurement into smaller discrete procurements to render them suitable for small business set asides;

(2) Breaking out discrete components, where practicable, to be set aside for small business; or

(3) When issuing multiple awards against a single solicitation, reserving one or more awards for small businesses.

e. If a service team determines that contract bundling is to be used, the service team must inform the administrator and include written justification in the file (a part of the acquisition strategy plan, separate memo, etc.) outlining the need for bundling and documenting the impact on attaining the FAA socioeconomic goals. Additionally, if bundling would result in any adverse impact to achievement of the agency's socio-economic goals, the SIR for the bundled procurement must be approved by the FAA Acquisition Executive (FAE).

In addition, the service team must notify the local Small Business Development Program Office (SBDPO) prior to issuance of the SIR.

f. In a bundled procurement, the acquisition strategy should provide for maximum practicable participation by small business concerns. Some of the ways this can be accomplished include the following:

(1) Authorizing two or more small businesses to form a contract team and for that team to be considered a small business for purposes of a bundled requirement provided that each small business partner to the teaming arrangement individually qualifies as a small business under the assigned NAIC codes for the requirement.

(2) For SIRs that offer a significant opportunity for subcontracting, the CO should include proposed small business, small disadvantaged business and women- owned business subcontracting participation in the subcontracting plan as an evaluation factor.

(3) Including small business, small disadvantaged business and women-owned subcontracting goals in SIRs and contracts based on contract dollars versus planned subcontracting dollars.

(4) Consulting the local SBDPO and Source Net.

g. The requirements of this section do not apply to bundled contracts that are awarded in accordance with OMB Circular A-76 if a cost comparison has been performed under A-76 procedures.

h. The requirements of this section do not apply to contracts to be awarded and performed entirely outside of the United States.

8 Mentor-Protégé Revised 4/2016

a. Definitions.

(1) SMALL DISADVANTAGED BUSINESSES (SDB), as used in the Mentor-Protégé Program, means small business concerns owned and controlled by socially and economically disadvantaged individuals as defined by the Acquisition Management System (AMS).

(2) HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU) means institutions determined by the U.S. Secretary of Education to meet the requirements of 34 CFR 608.2 and listed therein.

(3) MINORITY EDUCATIONAL INSTITUTIONS (MI) means institutions verified by the U.S. Secretary of Education to meet the criteria set forth in 34 CFR 637.4. MIs include Hispanic-serving institutions as defined by 20 USC 1059c(b)(1).

(4) WOMEN-OWNED SMALL BUSINESSES (WO), as used in the Mentor-Protégé Program, means a small business where ownership and controlling interest (at least 51%) in the company is held by a woman.

(5) SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS (SDVSB) is a small business concern that is 51% owned and controlled by a ~~service disabled~~service-disabled veteran(s).

(6) HIGH-TECH, as used herein means research and/or development efforts that are within or advances the state-of-the-art in technology discipline and are performed

primarily by professional engineering, scientists, and highly skilled and trained technicians or specialists.

(7) SMALL DISADVANTAGED BUSINESS (SDB) is a small business concern that is at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business that has at least 51 percent of its stock unconditionally owned by one or more socially and economically disadvantaged individuals and that has its management and daily business controlled by one or more such individuals.

(8) SMALL BUSINESS (SB) is a business, including its affiliates, that is independently owned and operated and not dominant in producing the products or performing the services being purchased, and one that qualifies as a small business under the Federal Government's criteria and North American Industry Classification System (NAICS) Code size standards.

b. Purpose.

(1) The FAA Mentor-Protégé Program is designed to motivate and encourage firms to assist Small Businesses (SB), preferably Small Disadvantaged Businesses (SDB), Small Disadvantaged Businesses (SDB), Service-Disabled Veteran-Owned Small Business (SDVSB), Historically Black Colleges and Universities (HBCU), and Minority Institutions (MI) and Women-Owned Businesses (WOB), enhancing their capabilities to perform FAA prime contracts and subcontracts, foster long-term business relationships between these entities and Mentor Firms, and increase the overall number of these entities that receive FAA prime contract and subcontract awards. The "Mentor-Protégé Program Guide" may be obtained from the Small Business Development Program Group (SBDPG) staff.

c. Incentives for Mentor Participation.

(1) Mentors may receive additional evaluation points (for Mentor-Protégé Program participation) toward the award of contracts during the evaluation of competitive offers.

(2) Mentors may receive credit toward attaining subcontracting goals contained in their FAA subcontracting plan(s) for Mentor-Protégé participation.

(3) Costs incurred by a mentor to provide developmental assistance (i.e., technical or managerial) described in Section 1.12 are allowable as indirect costs (appropriate documentation must be provided) unless the contract contains a line item specifically for the Mentor-Protégé Program. A ceiling on allowable developmental costs must be established at time of contract award.

(4) Procurements may be set-aside exclusively for competition among firms that are participants in the FAA Mentor-Protégé Program.

d. Review and Approval on Mentor-Protégé Application and Agreement.

(1) The Mentor-Protégé application and agreement is reviewed by the SBDPG. The review should be completed no later than 30 days after receipt. The SBDPG should provide a copy of the submitted information to the cognizant FAA service team and Contracting Officer for a parallel review and concurrence.

(2) Upon approval of the agreement, the mentor may implement the developmental assistance program.

(3) An approved agreement must be incorporated into the mentor or protégé firm's award (for example: a contract, blanket purchase agreement, purchase order, memorandum of agreement, memorandum of understanding, etc.). It should be added to the subcontracting plan in contracts which contain such a plan.

(4) If the application is disapproved, then the mentor may provide additional information for reconsideration. The review of any supplemental material should be completed within 30 days after receipt by the SBDPG. Upon finding deficiencies that FAA considers correctable, the SBDPG should notify the mentor and request information to be provided within 30 days that may correct the deficiencies.

e. Additional Mentor-Protégé Program guidance is located on the Small Business Development Office website.

9 Joint Ventures Revised 4/2016

a. *Small Business Exception to Affiliation.* A joint venture of two or more business concerns may submit an offer as a small business without regard to affiliation provided that each concern is small under the size standard corresponding to the NAICS code assigned to the contract, provided:

(1) The procurement qualifies as a “bundled” requirement; or

(2) The procurement does not qualify as a “bundled” requirement, and:

(a) For a procurement having a receipts based size standard, the dollar value of the procurement, including options, exceeds half the size standard corresponding to the NAICS code assigned to the contract; or

(b) For a procurement having an employee-based size standard, the dollar value of the procurement, including options, exceeds \$10 million.

b. *Mentor-Protégé Exception to Affiliation.* A joint venture between a protégé firm and its approved mentor will be deemed small provided the protégé qualifies as small for the size standard corresponding to the NAIC code assigned to the procurement. SBA approved Mentor- Protégé joint ventures are not acceptable. However, FAA approved Mentor-Protégé Program joint ventures are acceptable.

c. *Subcontracting Limitations.* The subcontracting limitations specified in AMS Clauses 3.6.1-7, Limitations on Subcontracting and 3.6.1-12 Notice of Service-Disabled Veteran Owned Small Business Set-Aside, are applicable to Small Business Joint Ventures. A joint venture awarded a contract as a prime contractor must perform work according to the conditions and percentages detailed in AMS Clause 3.6.1-7 or 3.6.1-12 as applicable.

d. *Small Disadvantaged Businesses (SDB(8(a)) Exception to Affiliation.*

(1) If approved by the Small Business Administration (SBA), 8(a) participants may enter into joint venture agreement with one or more small business concerns, whether they be 8(a) participants or not, for the purpose of performing a specific 8(a) contract.

(2) A joint venture of at least one 8(a) concern and one or more other business concerns may submit an offer as a small business for a competitive 8(a) procurement as long as each are considered small under the size standard corresponding to the NAIC code assigned to the SIR, provided:

(a) The size of at least one 8(a) Participant to the joint venture is less than one half the size standard corresponding to the NAIC code assigned to the contract; and

(b) For a procurement:

(i) Having a revenue-based size standard, the procurement exceeds half the size standard corresponding to the NAIC code assigned to the contract;

or

(ii) Having an employee-based size standard, the procurement exceeds \$10 million.

(3) For single source and competitive 8(a) procurements that do not exceed the dollar levels identified above, an 8(a) Participant entering into a joint venture agreement with another concern is considered to be affiliated for size purposes with the other concern with respect to performance of the 8(a) contract. The combined annual receipts or employees of the concerns entering into the joint venture must meet the size standard for the NAIC code assigned to the 8(a) SIR or contract.

(e) *Service-Disabled Veteran Owned Small Businesses (SDVOSB) Exception to Affiliation.*

(1) An SDVOSB may enter into a joint venture agreement with one or more other small business concerns for the purpose of performing an SDVOSB contract.

(2) A joint venture of at least one SDVOSB and one or more other business concerns may enter submit an offer as a small business for a competitive SDVOSB procurement, so long as each

concern is small under the size standard corresponding to the NAICS code assigned to the SIR, provided:

(a) For a procurement having a revenue-based size standard, the procurement exceeds half the size standard corresponding to the NAICS code assigned to the contract; or

(b) For a procurement having an employee-based size standard, the procurement exceeds \$10 million.

(3) For noncompetitive and competitive SDVOSB procurement that does not exceed the dollar level identified above, an SDVOSB entering into a joint venture agreement with another concern is considered to be affiliated for size purposes with the other concern with respect to performance of the SDVOSB contract. The combined annual receipts or employees of the concerns entering into the joint venture must meet the size standard for the NAICS code assigned to the SDVOSB SIR or contract.

10 Tiered Evaluations Added 7/2016

Refer to AMS guidance on tiered evaluations at T3.2.2A.9 for more information.

B Clauses Revised 10/2006

[view contract clauses](#)

C Forms

[view procurement forms](#)

Section Revised:
3.8.7 A 9 – Post-Award

Procurement Guidance - (~~7/2018~~ 10/2018)

T3.8.7 Construction Contracting Revised 8/2009

A Construction Contracting Added 7/2007

1 General Added 7/2007

2 Dismantling, Demolition and Removal of Improvements Revised 4/2017

3 Salvageable Property Added 7/2007

4 Laws, Regulations and Standards Revised 4/2017

5 Design-Build Revised 1/2016

6 Reserved Revised 10/2014

7 Planning and Pre-Solicitation Revised 7/2016

8 Pre-Award Revised 1/2016

9 Post-Award Revised ~~4/2017~~ 10/2018

10 Contract Acceptance Inspection (CAI) Revised 4/2012

11 Contract Completion/Closeout Revised 8/2009

B Clauses Added 7/2007

C Forms Added 7/2007

T3.8.7 Construction Contracting Revised 8/2009

A Construction Contracting Added 7/2007

1 General Added 7/2007

- a. Guidance in this section applies to construction contracts, contracts for dismantling, demolition, or removal of improvements, and to the construction portion of contracts for products or services. In the event that the portions of multipurpose contracts are so commingled that priced deliverables for construction, service, or supply cannot be segregated, AMS guidance applicable to the predominant purpose of the contract applies.
- b. "Construction" means construction, alteration, or repair of buildings, structures, or other real property. For purposes of this definition, the terms "buildings, structures, or other real property" include but are not limited to improvements of all types, such as maintenance facilities, duct banks, air traffic control facilities, communication towers, radar facilities, office facilities, airport facilities, and navigational aids.
- c. When performing construction, alteration, or repair work in FAA-leased space, the Contracting Officer (CO) must consult with his or her local Real Estate Contracting Officer (RECO) to determine FAA's alteration rights and responsibilities.

2 Dismantling, Demolition and Removal of Improvements Revised 4/2017

- a. If a contract is solely for dismantling, demolition, or removal of improvements and will exceed \$10,000, the Service Contract Act applies unless further work is contemplated that will result in the construction, alteration or repair of a public building or public work at that location is contemplated. If further construction work is intended, even though by separate contract, then the Davis-Bacon Act applies to the contract for dismantling, demolition, or removal.

3 Salvageable Property Added 7/2007

- a. The procurement team (CO, program official, legal counsel, and other support staff) should consider the usefulness to FAA of all salvageable property. Any of the property having a salvage value that is less than its usefulness to FAA should be expressly designated in the contract for retention by FAA. The contract may provide that:
- (1) The FAA pays the contractor for the reasonable costs of the dismantling or demolition of the structure(s);
 - (2) The contractor pays FAA for the right to salvage and remove the materials resulting from the dismantling or demolition operation; or

(3) A combination of both. Both the FAA and contractor must ensure compliance with environmental laws and regulations, including handling of hazardous waste.

b. The procurement team should determine the fair market value of any property not to be retained by FAA, because the contractor may receive title to this property. Its value will therefore be important in determining what payment, if any, should be made to the contractor, and whether additional compensation will be made if the contract is terminated. Personal Property Managers, in conjunction with the procurement team, must approve the disposition of Government property to be transferred to contractors under dismantling, demolition or removal of improvements contracts.

4 Laws, Regulations and Standards Revised 4/2017

a. *Davis-Bacon Act.* The Davis-Bacon Act applies to construction contracts greater than \$10,000.

b. *State Regulation of Federal Construction Projects.*

(1) FAA contractors may encounter requests from State and local governments for the FAA's contractors to obtain building permits, zoning approval, sanitation approval, etc. Based on the "Supremacy" clause of Article 6 of the United States Constitution, construction contractors are not required to obtain most permits or approvals for work done on Federal construction projects. The States do have enforcement authority for safety and environmental protection as specified by the Occupational Safety and Health Administration (OSHA), the Comprehensive Environmental Response, compensation and Liability (Superfund) Act (CERCLA), and the Resource Conservation and Recovery Act (RCRA).

(2) Contractors who encounter attempts by State or local government entities to assess various types of fees against a FAA construction project should be advised to inform the CO immediately if the assessing entity attempts in any way to prevent or hinder the contractor at the job site. The CO should seek legal advice from either Regional Counsel or AGC-500.

c. *Local Employment in Construction Contracts.* Occasionally, efforts are made by State or local governments to have FAA limit employment on construction projects to local residents or firms. Such a restriction has been held to be improper, and should not be used in FAA contracts (reference Washington State Supreme Court case Laborers Local Union No. 374 v. Felton Construction Co., Nov. 24, 1982, and 42 Comp. Gen. 1, B-198952, 81-1 CPD 467). FAA recognizes that Tribal Employment Rights Ordinances (TERO) which affects projects on or near certain Indian reservations may have an effect on contractor labor. FAA should inform offerors of the existence of a TERO in the screening information request (SIR).

d. *Domestic Materials.* The Buy American Act applies to construction, alteration, and repair contracts performed in the United States. It requires contractors to use domestic materials, except under specific circumstances. Also, the Buy American provisions of the Aviation Safety and Capacity Expansion Act of 1990 require FAA to use domestic steel and manufactured products, unless an exception applies. (See AMS Procurement Guidance T3.6.4)

5 Design-Build Revised 1/2016

a. *General.* Design-build is a contracting technique that allows a single procurement for both design and construction of a project. Design-build allows the contractor flexibility, to the extent allowable or reasonable, for innovation in design, materials, and construction methods utilized in a construction project.

b. *Considerations for Using Design-Build.*

(1) When planning a design-build, the procurement team (Contracting Officer (CO), program official, legal counsel and others supporting a project) should consider the following factors:

- (a) Extent to which requirements are defined;
- (b) Time constraints;
- (c) The potential for delays, modifications, and scope changes;
- (d) Potential regulatory or environmental issues;
- (e) Construction issues, including differing site conditions and schedules;
- (f) Risks to FAA, including potential liabilities and meeting stipulated performance standards;
- (g) Availability and type of funding, including funding issues that may arise from a large design-build project that covers multiple fiscal years; and
- (h) Availability of qualified design-build contractors.

(2) When considering design-build, the procurement team must judge who is in the best position, FAA or a contractor, to manage and control potential issues or risks for a particular project. Under a design-build, the contractor assumes the greater responsibility and risk. Claims for design errors or delays are not allowed and the potential for other types of claims are greatly reduced.

c. *Design-Build Source Selection.*

(1) *Two-Phase SIR.* While a CO may choose to award a contract based on one SIR requiring a single offer (that includes an offeror's technical and pricing information), the CO may instead issue a two-phase SIR that allows the CO to screen technical proposals and down-select offerors prior to requesting a price proposal.

(a) Phase one involves the request for and evaluation of technical proposals from offerors, and no pricing is involved. The goal is to determine the acceptability of the technical proposals prior to the submission of pricing. Technical information that may be requested from offerors includes, but is not limited to:

- (i) Technical capabilities;
- (ii) Experience/past performance (such as experience in a given field or industry or on-airport experience);
- (iii) Engineering approach;
- (iv) Special manufacturing processes; and
- (v) Joint experience of design and construction management teams.

(b) Phase two involves the submission of pricing proposals by only those offerors determined to be technically acceptable in step one. Trade-offs in phase 2 are allowable.

(c) Factors the CO should consider for using a two-phase SIR include:

- (i) Specifications or descriptions are not definite or complete;
- (ii) Definite criteria exist for the evaluation of technical proposals, experience, or past performance;
- (iii) Two or more sources are expected; and
- (iv) FAA personnel (i.e. CO, engineers, etc.) are available to evaluate/manage a two-phase SIR.

(2) *Cost-Reimbursement Contract*. When a design-build project involves numerous uncertainties or the project has yet to be fully developed, a cost-reimbursement, rather than a fixed-price, contract may be appropriate. Rare situations that may warrant a cost-reimbursement design-build contract are:

- (a) Highly technical or next generation projects that do not have an effective design benchmark; and
- (b) Projects with multiple uncertainties, for example:
 - (i) Site conditions or locations that create unique and unplanned impacts to the project;

(ii) New technology that may create integration issues when introduced to current systems; and

(iii) Hazardous waste remediation where the scope of the clean-up cannot be completely defined.

(3) *Design Competition.* Design-build may include “design competition” as a basis for selecting a vendor for the project. FAA provides general design requirements or constraints and offerors prepare a preliminary design or specification for FAA evaluation. Depending on the scope of the project and availability of funding, FAA may authorize a fixed payment to compensate offerors for work done during the design competition.

6 Reserved Revised 10/2014

7 Planning and Pre-Solicitation Revised 7/2016

a. *Type of Contract and Pricing.* Generally, construction should be acquired on a firm-fixed price basis. Pricing may be on a lump sum basis (when a lump sum is paid for the total work or defined parts of the work), on a unit price basis (when a unit price is paid for a specified quantity of work units), or using a combination of the two.

b. *Options.* If in FAA’s best interest, COs may include options in construction contracts. Solicitations must state whether options will or will not be evaluated for purposes of award. Appropriate use of options in construction contracts includes:

(1) Additional work is anticipated but sufficient funds are not anticipated or available prior to the time of award, and it would not be in FAA’s best interest to award a separate contract or have another contractor work on the site; and

(2) If fixed building equipment is installed under the contract and it would be in FAA’s best interest to have the installer maintain and service the equipment during the warranty period.

c. *Property.* Before issuing the solicitation, the CO must document if materials for the project will be Government Furnished Property (GFP) or furnished by the contractor. The requiring organization prepares the GFP list, and the list must be included in the solicitation to ensure that any proposals received account for the source of project material.

d. *Insurance.* If in the best interest of FAA, the CO may require the contractor to carry insurance, especially if the work is to be done on an FAA facility or FAA property is involved. The CO must ensure the contractor submits all required insurance documents and the documents are acceptable before issuing the notice to proceed (NTP). An original copy of the proof of insurance must be retained in the contract file.

e. *Bonds.* Per the Miller Act (40 U.S.C.A Section 3131), performance and payment bonds are required for all construction contracts that exceed \$150,000. The amount of the bonds should reflect the minimum amount required to protect FAA interests. An original copy of any bond must be retained in the contract file. The CO will not issue the NTP until required bonds have been received.

f. *Source Evaluation Plan.* The CO's method of selection and evaluation criteria must be documented in the contract file. This may be done by establishing an evaluation plan as described under Complex and Noncommercial Source Selection (See AMS 3.2.2.3).

g. *Basis for Award.* Award may be based on the lowest price, technically acceptable offer when best value is expected to result from a technically acceptable proposal with the lowest price.

(1) All evaluation factors (non-cost) that will be used to determine if an offeror is technically acceptable will be set forth in the solicitation.

(2) The solicitation must specify that award will be made to the lowest priced offer meeting or exceeding the acceptability standards for non-cost factors.

(3) Tradeoffs are not permitted.

(4) Non-cost factors are used to evaluate acceptability and not to rank proposals.

(5) Discussions regarding proposals may occur.

h. *Differing Site Conditions.* The purpose of the "Differing Site Conditions" clause is to encourage offerors to limit inclusion of contingency costs in their offers for conditions that are not reasonably foreseeable. The clause will also assist FAA and the contractor in complying with the Archaeological Resources Protection Act of 1979 (36 CFR 1214).

i. *Construction Moratoriums.* When in the planning stages of a construction project, the procurement team must consider any impacts construction moratoriums may have upon the project and its related schedule.

j. *Disclosure of the Size of Construction Projects.* When the estimated price of the proposed construction project is \$150,000 or more, public announcement (if required) and SIRs should state the size of the requirements in terms of a physical description of the project and the estimated price. The estimated price may be described in a price range as determined by the procurement team or in terms of one of the following price ranges:

(1) Between \$50,000 and \$100,000;

(2) Between \$100,000 and \$250,000;

(3) Between \$250,000 and \$500,000;

- (4) Between \$500,000 and \$1,000,000;
- (5) Between \$1,000,000 and \$5,000,000;
- (6) Between \$5,000,000 and \$10,000,000; or
- (7) More than \$10,000,000

k. *Environment and Conservation.*

- (1) If a CO becomes aware of contractor noncompliance with environmental standards (to include clean air and water standards), the CO is to notify FAA officials and the Environmental Protection Agency (EPA).
- (2) The CO has a responsibility to help coordinate and ensure that any hazardous materials present or introduced during the performance of a contract are appropriately managed and tracked.
- (3) Products used for a project must adhere to agency goals established in FAA's Green Procurement Plan (GPP), and each contract must include GPP compliance provisions to ensure the contractor understands applicable FAA energy conservation and recovered material, or recycled content product, standards.
- (4) Refer to AMS Procurement Guidance T3.6.3 for additional guidance on the protection of the environment and proper conservation during construction contracts, and AMS Real Estate Guidance 2.4.16.3 for information regarding the Guiding Principles for Federal Leadership in High Performance and Sustainable Buildings.

l. *Subcontracting Plan.* When a project is expected to exceed \$1 million is not an 8(a), SDVOSB, or small business set-aside, and subcontracting opportunities exist, the CO should include provisions for a small business subcontracting plan in the solicitation.

m. *Patent and Data Rights.* The CO should ensure appropriate patent and data rights clauses are included in the solicitation when the project is for other than standard types of construction and may involve unique products, materials, or processes.

n. *Value Engineering.* Value engineering provisions in the solicitation may be appropriate to allow the contractor to initiate changes in design, specifications, or other requirements and share in any savings that may result.

8 Pre-Award Revised 1/2016

a. *Public Announcement.* All procurements, including construction, over \$150,000 must be publicly announced on the Internet or through other means. For example, the announcement could be placed on the FAA Contracting Opportunities website.

b. *Inspection of Site and Examination of Data.*

(1) The procurement team should make appropriate arrangements for prospective offerors to inspect the work site prior to submission of offers. The procurement team should also allow prospective offerors the opportunity to examine data in the possession of FAA that may provide information concerning the performance of the work, such as boring samples, original boring logs, geology reports, and record and plans of previous construction. The SIR should notify offerors of the time(s) and place(s) for the site inspection and data examination, as well as the name and telephone number of the contact point at the facility. The procurement team should keep a record of the identity and affiliation of all offeror representatives who inspect the site or examine FAA site information.

(2) Significant site information should be made available to all offerors, including information regarding any utilities to be furnished during construction. FAA personnel must not provide information that conflicts with the provisions of the SIR.

(3) The CO must notify all potential offerors of any clarification or correction to the SIR package.

c. *Past Performance.* Past performance can aid in selecting the contractor who is most likely to perform satisfactorily. Key to the successful use of past performance in the screening process is establishing a clear relationship between the statement of work (SOW), the instructions to offerors, and the evaluation criteria. Past performance information that is not important to the current acquisition should not be included.

d. *Pre-Award Survey.* COs may use pre-award surveys to aid in gathering past performance information. The pre-award survey can give the CO a sense of how the contractor will perform, especially if concentrating on projects that are similar in type and scope to the one being solicited. The scope of the pre-award survey is at the discretion of the CO as it may be affected by the size and complexity of the solicitation and project.

9 Post-Award Revised 4/2017 10/2018

a. *Assignment of Inspection and Contract Administration.*

(1) Due to the locations and complexity of most construction projects, COs often accomplish their administrative and inspection functions through utilization of Contracting Officer's Representatives (COR). These personnel are normally present at the job site each day, and are in the best position to observe day-to-day activities and performance. CORs on site perform such delegated duties as daily performance

inspections, Department of Labor wage rate interviews with contractor personnel, provide minor clarifications of specifications and drawings, and insure contractor compliance with all safety and labor requirements on site. The duties of these individuals must be clearly annotated by the CO in a ~~delegation letter~~COR Delegation Form. A copy of the ~~delegation letter~~COR Delegation Form is provided to the COR and the contractor. See AMS Procurement ~~Toolbox templates and samples~~Forms for ~~sample COR delegation letter~~the COR Delegation Form.

(2) Only the CO, or person delegated specific authority to execute contract modifications, may authorize a change to the original contract.

b. *Notice to Proceed (NTP)*. The NTP is issued to give notice to the contractor when on-site work can be started, when the project is to be completed based upon the performance time in the contract, and any other information deemed pertinent by the CO. Prior to its issuance, the CO must ensure all required submittals have been delivered to and approved by the FAA, that all required insurance and bonding documents have been submitted and are acceptable, and other coordination or applicable documentation has been completed.

c. *Preconstruction Conference*. The CO may conduct a preconstruction conference (to discuss matters such as applicable labor standards, the authority of various personnel, safety, and environmental considerations) prior to the start of a construction or demolition contract. Preconstruction conferences are not a requirement for each project. When deciding on a conference, the CO should weigh the administrative costs, time, and possible travel expenses for all parties involved, against the complexity of the requirement, the impact of the requirement on entities involved with the site, and the past performance and technical knowledge of the contractor. For a preconstruction conference agenda and checklist, see AMS Procurement Forms.

d. *Use and Possession Prior to Completion*. Beneficial occupancy occurs when the Government takes possession of, or puts to use, a completed or partially completed part of the work. It does not constitute acceptance of the facility as constructed. The clause "Use and Possession Prior to Completion" addresses some of the issues associated with beneficial occupancy. If it is foreseen prior to contract inception that beneficial occupancy will become an issue, or if it becomes an issue during contract performance, the CO should consider negotiating contract terms which cover relevant issues for that contract, e.g., date of warranty, builder's risk coverage, coordination with the contractor, etc. Legal counsel should be consulted on the legal ramifications of beneficial occupancy. Phased (partial) acceptance can be used as an alternative to beneficial occupancy, if the need can be identified sufficiently in advance to structure the contract accordingly, and it is determined in the best interests of the parties.

e. *Airport Coordination*. Local airport authorities and/or other Federal agencies may have requirements and regulations outside of those imposed by the FAA that a contractor is required to adhere to when completing a construction project on an airport. These additional requirements may include additional security, insurance, and safety requirements. It is the responsibility of the contractor to coordinate with other authorities or agencies prior to performance to ensure they satisfy any applicable local regulations.

f. *Property Protection.* The FAA must ensure that the contractor understands that throughout the performance of the contract, care must be taken by the contractor to protect FAA and/or other property that may be affected during construction.

g. *Prime Contractor Performance.* The use of subcontractors by a prime contractor during the performance of a construction contract is inevitable and at times presents a savings to the FAA through the contract. For example, the prime contractor may lack the internal capability to provide specific trades required to meet all the terms and conditions of the contract. The CO should assure adequate interest in and supervision of work involved in projects. The contractor shall be required to perform a significant part of the contract with its own work force and express this requirement in terms of a percentage of the total work, for example:

(1) The prime contractor must perform at least 15 percent of the cost of the contract, not including the cost of materials, with its own employees on site.

(2) Construction by special trade contractors: The prime contractor must perform at least 25 percent of the cost of the contract, not including the cost of materials, with its own employees on site.

h. *Contractor's Daily Log.* For any construction contract greater than \$10,000, the contractor is required to submit to the CO a "Daily Log" of activity on the site. The logs must include the workers used by classification, construction equipment moved on and off the site, materials and equipment delivered to the site, inspections and tests performed, and total cumulative hours worked.

i. *Suspension of Work.* The COR should notify the CO when a suspension order is necessary to prevent the contractor from proceeding with work that will have to be removed or changed. Only the CO can order a suspension of work; when possible, the CO should use partial, rather than, total suspension orders.

j. *Warranties.* The CO should obtain information about any warranties from the contractor. This information should include effective dates and names, addresses, and contacts. A list of warranty or guarantee expiration dates is made and retained, and copies are provided to the user.

k. *Asbestos NESHAP Compliance.* The contractor must comply with all federal, state, and local requirements regarding building demolition and/or the removal of any asbestos in accordance with the asbestos National Emission Standards for Hazardous Air Pollutants (NESHAP). AMS clause 3.6.3-24 "Asbestos NESHAP Compliance" applies in such situations.

10 Contract Acceptance Inspection (CAI) Revised 4/2012

a. Definitions:

(1) *Contract Acceptance Inspection (CAI):* Formal inspection by the Project Implementer of a constructed facility when work under the contract is considered to be substantially

complete. The CAI is typically requested by the prime contractor and coordinated with the Project Implementer.

(2) *Joint Acceptance Inspection (JAI)*: The JAI is an activity to gain consensus of all involved groups that projects for facility, system, or equipment establishment, improvement, or relocation are completed in accordance with national criteria and that the facility is capable of performing its advertised functions.

(3) *Project Implementer (PI)*: The PI is the FAA organization implementing the project, although funding may be provided by other organizations. In most cases this will be ATO Technical Operations (ATO-W) Engineering Services.

b. *Contract Acceptance Inspection (CAI)*. The Project Implementer, usually a Contracting Officer's Representative (COR) appointed in ATO-W Engineering Services and delegated by the Contracting Officer (CO), is responsible for formally inspecting a constructed facility from the construction or equipment installation contractor and recommending acceptance or non- acceptance to the CO. This inspection is typically conducted before the beginning of JAI.

c. The CO's responsibility is to formally accept the constructed facility. The CO must notify the contractor when a CAI has been completed and work under a contract has been either accepted or rejected. This should be done through the CAI letter (see Procurement Forms) that describes:

(1) What is being accepted from the contractor (item and description);

(2) The acceptance date of the item; and

(3) Any outstanding commitments the contractor has for the item (e.g. punch list items, warranties, etc.).

d. All CAI letters and associated information should be filed in the official contract file. This documentation is used to support completion of the contract, and to provide data to properly capitalized items.

11 Contract Completion/Closeout Revised 8/2009

a. A construction or installation project must be considered physically and financially complete and funds deobligated, when necessary, within one year after the final acceptance and inspection (e.g., CAI) has been completed.

b. Prior to final payment, the CO must ensure:

(1) Receipt of all required warranty documentation;

(2) Return of issued ID media (Badges, etc.);

- (3) Receipt of any state tax exemption certificates or completion statements as required from the contractor;
- (4) Certification that all government property has either been utilized in the performance of the contract or returned to the FAA;
- (5) Confirmation from the requiring organization that the job has been completed as contracted;
- (6) Receipt of any other applicable items required from the contractor that are unique to the procurement; and
- (7) Receipt of a final release of claims on file signed by the contractor for the final amount of the contract.

B Clauses Added 7/2007

[view contract clauses](#)

C Forms Added 7/2007

[view procurement forms](#)

Section Revised:

3.13.1 A 9 – Reports

Procurement Guidance - (~~7/2018~~ 10/2018)

T3.13.1 Other Administrative Procedures Revised 1/2009

A Administrative Matters

1 Numbering System for Procurement Instruments Revised 10/2017

2 Contract Format

3 Congressional Affairs Notification Revised 10/2016

4 Press Release and Public Announcement of Award Revised 7/2010

5 Federal Procurement Data System (FPDS) and FPDS Data Quality Revised 7/2012

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8 Annual Procurement Forecast Revised 1/2007

9 Reports Revised ~~7/2018~~ 10/2018

10 Contractor Attendance at FAA-Sponsored and Other Government Training Revised
4/2017

11 Plain Language Added 7/2006

12 Approval of Multiple-Award Procurement Programs Revised 10/2010

B Clauses

C Forms

D Appendix Revised 1/2009

T3.13.1 Other Administrative Procedures Revised 1/2009

A Administrative Matters

1 Numbering System for Procurement Instruments Revised 10/2017

a. A uniform numbering system allows FAA to identify, control, and track each procurement action, from procurement request through award and close-out. This numbering system is applied through FAA's automated procurement system, PRISM. Use of PRISM is required for all procurement requests and procurement instruments, including written screening information requests, purchase orders, delivery orders, task orders, agreements, leases, contracts, and all forms of awards, regardless of monetary consideration.

b. The Procurement Instrument Identification Number (PIIN) must consist of 14 alphanumeric characters:

(1) *Positions One and Two.* A two-digit numeric code identifying the procuring agency. This code must always be "69" which is the identifier for the Department of Transportation.

(2) *Positions Three, Four, Five and Six.* A four-digit alphanumeric code identifying the Activity Address Code (AAC) as the unique identifier for Federal Aviation Administration contracting offices, as follows:

Acquisition		Real Estate	
Office	AAC	Office	AAC
AAQ-200	3KA7	ALO-600	435Z
AAQ-300	3KA8	ALO-700	7DCM
AAQ-400	3KA9	ALO-800	0EG4
AAQ-500	7DCK		
AAQ-600	2M15		
AAQ-700	73GH		

AAQ-800	73GH		
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***NOTE:** Starting for all FY 2018 awards. DT (Dept. of Transportation), WA (Headquarters), AC (Aeronautical Center) and CT (Technical Center) are changed to the new unique Activity Area Codes (AAC) above.

(3) *Positions Seven and Eight.* A two-digit numeric code that is the last two digits of the fiscal year in which the PIIN is assigned.

(4) *Position Nine.* A one-digit alphabetic code identifying the type of procurement instrument (i.e., agreement, contract, etc.) as follows:

A – Blanket Purchase Agreement (BPA). Use for Blanket Purchasing Agreement (BPA).

C - Contract. Use for all contracts, including letter contracts. Does not apply to real property transactions.

D - Indefinite-Delivery Contract. Use for indefinite quantity, definite quantity, and requirements contracts.

F – Delivery/Task Order, Blanket Purchase Agreement (BPA) Call and Blanket Ordering Agreement (BOA) Orders. Use when placing orders directly against DOT or FAA contracts and against contracts administered by another agency, i.e., Federal Supply Schedules, Government-Wide Action Contracts (GWACS). Does not apply to real property transactions.

G – Blanket Ordering Agreement (BOA). Use for Blanket Ordering Agreement (BOA).

H - Agreement. Excludes Blanket Purchase Agreements, Basic Ordering Agreements and Leases. Does not apply to real property transactions.

K - Land Purchase and Condemnation. Use for acquisition of permanent real estate interests (fee simple) by purchase or condemnation. Does not include leasehold interests (land or space) or easements in real property.

L - Lease Agreement. Use for leasing real and personal property, and products or equipment. Also, includes instruments for both land and space where the Government obtains real estate rights, and all easements including aerial easements for a limited period of time, and may or may not be monetary in consideration. Does NOT include Interagency Agreements. This PIIN will also be used for Multiple Payees.

M - *Utilities*. Use for contracts for electric, telephone, water, natural gas, and other utilities, including delivery/task orders against external contracts. Includes FAA delivery orders against GSA area-wide and GSA commodity contracts for utilities.

N – *Inter-agency Agreement and Intra-agency*. Use when obtaining products or services from or through another Federal agency when that servicing agency may be in a position or equipped to supply, render, or obtain by contract. Does not apply to real property transactions.

N - *Reimbursable Agreement*. Use when FAA enters into an agreement to *provide* products or services and receives payment for the products or services rendered and not covered otherwise.

P - *Purchase Order*. Use for all Commercial-Off-The-Shelf (C O T S) purchase orders and NIB/UNICOR. Also, appraisals, surveys, title, closing, and other work related to leasing or acquiring real estate rights. Use for Non-COTS awards less than \$100,000.

Q - *Request for Quote*. Use when soliciting contracts by request for quote.

R - *Request for Offer*. Use when soliciting contracts by screening information request (SIR) for qualifications, information, or offer.

S - *Sales Contract (Account Receivable)*. Use for sales and other disposal of real and personal property.

T – *Other Transaction Agreement (OTA)*. Use when placing all other types of agreements.

The letters not listed above are reserved. The reserved letters may not be used to identify an FAA procurement instrument in lieu of the above designated codes assigned to the type of instrument.

(6) *Positions Ten through Fourteen*. At the discretion of the Chief of the Contracting Office, these characters may be numeric or alphanumeric. A separate set of serial numbers may be used for any type of procurement instrument.

c. *Illustration of the PIIN*. An example of a PIIN is as follows: 6973GH-18-R-00001 identifies an RFO issued by the Department of Transportation, Federal Aviation Administration, Aeronautical Center, Oklahoma City, OK in fiscal year 18.

d. *Supplementary PIINs*. A supplementary number must be used with the basic PIIN to identify the following:

(1) *Amendments to Screening Information Request (SIR)*. Amendments must be assigned a four position numeric serial number, sequentially beginning with 0001. A sample amendment number would be 69DCK-18-R-00001-0001.

(2) *Modifications to Contracts, Agreements, and Orders.* Modifications to contracts, agreements, and orders must be numbered sequentially with a six-position alphanumeric serial number beginning with P00001.

e. *Contract Line Item Number (CLIN).* CLINs are numbered consecutively beginning with 001, according to the functionality of PRISM.

f. *Procurement Request (PR) Requisition Number.* Requisitioning Office PRs will continue to be numbered according to the following convention, beginning with the FAA Identifier code for the requisitioning office two character designator (see below), followed by the last two digits of the budget year for which the obligation is intended (corresponding with the budget year in the project and accounting codes of the request), then a five digit sequential number assigned by PRISM, and finally a two or three character suffix, if required.

Identifier Codes:

WA – FAA Headquarters	ES - Eastern Service Area	CS - Central Service Area
AC - Aeronautical Center	ES – RECO Eastern Service Area	WS - Western Service Area
CT - Technical Center	CS – RECO Central Service Area	WS – RECO Western Service Area
WA – RECO FAA Headquarters	TPC – Purchase Card (all areas)	

Examples of requisition numbering are: CS-18-00001, indicates a standard PR issued by the Central Service Area intended for award in FY17. A PR with the number WS-18-00001RE indicates that it originated in the Western Service Area, intended for award in FY18, and is specially designated for Real Estate.

2 Contract Format

Each request for offer or contract should be tailored to include only those elements required, at an appropriate level of detail, to make the contract a binding and enforceable document. For uniformity, the format of each request for offer or contract may be structured according to the following outline:

Part I - The Schedule.

Section A - Contract

Section B - Supplies or Services and Prices/Costs Section C

- Description/Specifications/Work Statement Section D -

Packaging and Marking

Section E - Inspection and Acceptance

Section F - Deliveries or Performance

Section G - Contract Administration Data Section H -

Special Contract Requirements

Part II - Contract Clauses.

Section I - Contract Clauses

Part III - List of Documents, Exhibits, and Attachments.

Section J - List of Documents, Exhibits, and Attachments

Part IV - Representations and Instructions.

Section K - Representations, Certifications, and Other Statements of Offerors

Section L - Instructions, Conditions, and Notices to Offerors

Section M - Evaluation Factors for Award

3 Congressional Affairs Notification Revised 10/2016

a. The following require official notification to Congress *before* releasing an award and distributing the contractual instrument:

(1) *New Awards.* Congress must be notified at least 48 hours, excluding Federal holidays and weekends, before awarding any contract or other agreement of \$3.5 million or more (total value including all options or ceilings), excluding interagency agreements. The DOT Assistant Secretary for Government Affairs (I-1) or designee notifies Congress, and advises the Contracting Officer (CO) that the contract or agreement may be released. The CO may sign the contract or agreement, but information about the award must not be released outside of DOT until completing the Congressional notification procedures in this section.

(2) *Modifications and Delivery/Task Orders.* Notification is not required for modifications and delivery/task orders of \$3.5 million or more if Congress was notified about the initial award; otherwise, Congressional notification is required.

b. Notification must be made via form DOT F 4220.41, "Contract Award Notification." A template of the language to use in the notification email sent to the DOT Assistant Secretary for Government Affairs (I-1) can be found on the FAST website templates/samples under "Congressional Affairs Notification Template. The "Contract Award Notification" form DOT F 422.41 is to be sent to the DOT Assistant Secretary for Government Affairs (I-1), with concurrent courtesy copies to:

(1) FAA Office of Government and Industry Affairs (AGI-1);

(2) FAA Acquisition Executive (ACQ-1);

(3) Chief Operating Officer (if ATO is the requiring organization) or Associate/Assistant Administrator (if other than ATO is the requiring organization), through the CO's management; and

(4) The Office of Communications (AOC-1).

c. The CO must complete all blocks of form DOT F 4220.41 and send it to the Assistant Secretary for Government Affairs (I-1), via email or fax at (202) 366-7346. Block 9 of the form may be revised to show an applicable AMS procurement method. The CO is responsible for documenting the date I-1 received the form; to confirm receipt, the CO may call (202) 366-4573.

d. Unless I-1 or designee requests the CO or other designated official not to proceed with award, awards may be announced on the **third** working day following I-1's receipt of DOT F 4220.41.

e. The official contract file must include a copy of form DOT F 4220.41 and documentation of I-1's receipt of the form.

4 Press Release and Public Announcement of Award Revised 7/2010

a. Congressional notification procedures must be completed before the CO or other designated official issues a press release or public announcement.

b. *Press Release.* A press release may be appropriate for awards of interest to the general public. The determination of what is or is not newsworthy must consider factors such as dollar amount of the action, uniqueness, or public interest associated with the requirement. The CO should contact the Office of Public Affairs (AOC-300) for advice, and help with preparing a press release; Service Area, Region and Center personnel should coordinate a press release with their local public affairs office. The CO should request a press release approximately four weeks before planned award.

c. *Public Announcement.* Although AMS policy does not require public announcement for all awards, the CO should consider announcing an award involving large funding amounts,

subcontracting opportunities, or high public visibility. Award information should be announced promptly and via FAA Contract Opportunities website, the Internet, trade magazines, or local newspapers. Award announcements are for informational purposes only and should include:

- (1) Contract number;
- (2) Contractor name and address;
- (3) Brief description of the requirement;
- (4) Total value;
- (5) Award date; and
- (6) Contracting Officer's name, email, and telephone.

5 Federal Procurement Data System (FPDS) and FPDS Data Quality Revised 7/2012

a. *Use for Data.* The FAA uses the Federal Procurement Data System (FPDS) module within PRISM as the means for collecting, maintaining, and reporting procurement award data to Congress, the Executive Branch, FAA management, audit and evaluation organizations, and the private sector. These audiences use the data to measure and assess the impact of FAA procurement on the U.S. economy, the extent to which small business and small disadvantaged business firms share in FAA awards, the impact of competition on the procurement process, and for other policy and management purposes.

b. *FPDS User Guide.* The PRISM FPDS User Guide provides full instructions and a complete list and description of the data reporting fields and options within fields, and when to appropriately use the options. The [FPDS User Guide](#) (FAA only) is on the National PRISM website under Training.

c. *Public Access.* The Federal Funding Accountability Transparency Act requires FAA to make procurement award data publicly available. Government-wide award data is sent through FPDS- NG to the public website USASpending.gov. The FAA submits its award data to FPDS-NG by using the General Services Administration's Business Services. This process allows FAA to automatically send daily batch files to FPDS-NG, bypassing FPDS-NG's front-end edit checks, once an award passes the FAA's own edit checks.

d. *System for Award Management.* The CO must ensure that the awardee is registered in the System for Award Management (SAM) System before award is made.

e. *Annual Certification.* After the close of each fiscal year, the FAA Acquisition Executive certifies to the percentage of FPDS data that is accurate, timely, and complete. To support of this annual certification, the CO must enter all FPDS data for awards when the award is approved in PRISM. The CO must enter complete and accurate information for each data field in FPDS. The PRISM FPDS User Guide provides an explanation of each data element to be entered.

f. *File Documentation.* The PRISM FPDS User Guide requires the CO to print and place a copy of the completed FPDS form in the contract file. If subsequent FPDS award exception reports require corrections to FPDS entries, the CO must correct the entries and print another form with changes and place it in the contract file.

g. *Reviewing Exception Reports.* At least quarterly, the CO's branch manager or team lead must review the PRISM award exception report to ensure all procurement actions have been entered and the data is accurate and complete. The branch manager or team lead must ensure that corrections are made within 30 days of the date of the report.

6 Record Requirements Revised 10/2017

a. The PRISM Federal Procurement Data System (FPDS) module will include the index of unclassified records of all procurements exceeding \$3,500 by fiscal year.

b. For procurements under AMS, FAA will be able to access, as a minimum, the following information:

- (1) The date of contract award.
- (2) Information identifying the source to which the contract was awarded.
- (3) The property or services obtained by the Government under the procurement.
- (4) The total cost of the procurement.
- (5) Single source procurements.
- (6) The identity of the organization or activity that conducted the procurement.
- (7) Awards to small disadvantaged businesses using either set-asides or unrestricted competition.
- (8) Awards to business concerns owned and controlled by women.
- (9) The number of offers received in response to a screening information request.
- (10) Task or delivery order contracts.

7 Records Retention Revised 1/2012

FAA Order 1350.15C, "Records Organization, Transfer, and Destruction Standards" describes retention periods and destruction information for acquisition and procurement files. Generally, closed official contract, purchase order, and lease files are transferred to the Federal Records Center after final payment. These records may be [transferred in an electronic format](#) consistent with [Federal Records Center procedures](#). These records are then destroyed 6 years and 3 months after final payment, while actions below \$100,000 are destroyed 3 years after final payment. See item number 4400, Acquisition and Procurement, of FAA Order 1350.15C for full instructions on record retentions.

8 Annual Procurement Forecast Revised 1/2007

a. In order to provide the small business community with reasonable procurement opportunities and to comply with the President's desire to expand procurement opportunities for small businesses, it is the policy of the FAA to make its Annual Procurement Forecast available to interested business owners. The forecast is for informational and marketing purposes only and does not constitute a specific offer or commitment by the FAA to fund any of the procurements listed.

b. Whether on the Internet or in hard copy, this document must be provided to the public and to the FAA Small Business Development Staff (AJA-8), not later than October 1, of each fiscal year.

Contracting Officers should obtain the information from program offices. A sample format is attached as Appendix 1.

c. Information should include as a minimum:

- (1) All planned new procurement actions scheduled for award during the current fiscal year excluding interagency agreements, federal supply schedules and credit card purchases;
- (2) A brief description of the anticipated procurement;
- (3) The estimated dollar amount of the procurement in a range, e.g. \$500,000-\$1,000,000;
- (4) A name and phone number of a person knowledgeable about the procurement;
- (5) The anticipated fiscal year quarter of the screening information request release and contract award;
- (6) The method of procurement (i.e. set-aside, single source unrestricted).

9 Reports Revised 7/2018 10/2018

a. *Requirements.* The FAA remains subject to certain statutory, regulatory, and policy requirements and must continue to report the following:

(1) *Report of Proposed Federal Construction*. Construction programs estimated to exceed \$500,000 are subject to Davis-Bacon Act regulations at 29 CFR 1.4. This CFR section requires the FAA to furnish the Department of Labor a general outline of its proposed construction programs for the upcoming fiscal year. The report must identify the estimated number of projects that will require wage determinations, the anticipated types of construction, and the locations of construction. Due Annually; March 20 (~~see Procurement Toolbox, Procurement Form Template #90~~).

~~(2) *Randolph-Sheppard Vending Facilities Report*. Randolph-Sheppard Act regulations at 34 CFR 395.38 require that each Federal property managing agency file an annual report with the Department of Education. This report will reflect the number of applications received for establishing vending facilities, vending machine income collected and disbursed to the State licensing agency in each state, and the amount retained. Due Annually; January 6 (see Procurement Toolbox, Procurement Form Template # 91).~~

(32) *Resource Conservation and Recovery Act Report (RCRA) and Executive Order (EO) 12873 Annual Report*. Section 6002 of RCRA requires Office of the Federal Procurement Policy (OFPP) to report to Congress on the actions taken by agencies to implement this statute. EO 12873 reinforces affirmative procurement, waste minimization, and recycling efforts and requires Federal agencies to report on their efforts to the Office of the Federal Environmental Executive (OFEE). To simplify the reporting process and reduce the reporting burden placed on agencies, the OFPP and the OFEE have merged the reporting requirements of section 6002 of RCRA, and EO 12873 into a single annual report. The report is divided into the Agency Summary Report and the Supply Center Summary Report. The report covers commercial purchases of items contained in the Comprehensive Procurement Guidelines, as well as affirmative procurement, waste minimization and recycling efforts. Due Annually; February 26 (see [AMS Procurement ~~Toolbox, Procurement Form Template #92Forms~~](#)).

(43) *Semiannual Labor Compliance Report*. Davis-Bacon Act regulations at 29 CFR 5.7 require data on compliance with and enforcement of the construction labor standards requirements of the Davis-Bacon Act and Contract Work Hours and Safety Standards Act. The report will identify enforcement actions taken by the contracting offices. Due Semi-Annually; October 20 & April 20 (see [AMS Procurement ~~Toolbox, Procurement Form Template #93Forms~~](#)).

(54) *Lobbying Disclosure Report*. Public Law 101-121 requires contractors to disclose any lobbying activities. The Lobbying Disclosure Act of 1995 eliminated the requirement to forward a copy of each disclosure form, SF LLL to Congress semiannually. Therefore, this report is no longer required. The original SF LLL should continue to be retained in the contract file.

(65) *Major Procurement Program Goals (MPPG)*. Pursuant to Executive Order

12928 of 9/16/94, the FAA Administrator will report to the Administrator of the Small Business Administration through the Secretary of the Department of Transportation on the extent of achievements against the MPPG established. Three reports that include the number and dollar obligation of all procurements for each MPPG, excluding interagency agreements, are required by the Small Business Development Staff (~~ACQ-20~~AAP-600).

b. *Responsibilities.*

(1) The Chief of the Contracting Office (COCO) must collect, compile and submit for their respective organizations the reports outlined below. Reports must be received by Procurement Information and Services Branch (AAP-400), or other designated recipient, prior to the stated due dates. The COCO must also provide negative responses when there is no data to report for a particular report during the reporting period.

(2) The Procurement Information and Services Branch (AAP-400) will consolidate the reports that are required to be submitted to AAP-400 into a single agency-wide report for submission to the various requesters prior to their prescribed due dates. All other reports will be submitted by the Logistics Service Areas, Centers, and Headquarters, directly to the requester.

c. Specifics about each report are as follows:

<u>Title of Report</u>	<u>Format</u>	<u>Reporting Period</u>	<u>Due Date to AAP-400</u>
Report of Proposed Federal Construction	FAA Form 4474-5	Annually; prospective activity for the next fiscal year.	March 20
Randolph Sheppard Vending Facilities Report	Interagency Form 1270-ED-AN	Annually; for the prior calendar year.	January 6
Resource Conservation and Recovery Act Report	OFPP and OFEE prescribed format. Negative responses required.	Annually; for the prior calendar year.	February 26
Semiannual Labor Compliance Report	No prescribed format; an original and one copy is required.	Semi-annually; for the prior 6 month period.	October 20; April 20
Lobbying Disclosure Report	No longer required.	Not applicable.	Not applicable.
Major Procurement Program Goals (Projection)	Format prescribed by AJA-8; Report directly to AJA-8 by Memorandum from the	Annual, prior to October 1 of each fiscal year. (See AMS Section 3.6.1.3)	N/A

	ATO Vice Presidents, FAA Associate and Assistant Administrators, Regional Administrators and Center Directors. (See Appendix 2)		
Pre-AMS Major Procurement Program Goals (Actuals)	Format prescribed by AJA-8; Report directly to AJA-8 in writing from the FAA Headquarters Director of Acquisition and Contracting, Regional Administrators and Center Directors. (See Appendix 3)	Quarterly, by the 15 th of the month following the reporting period. (See AMS Section 3.6.1.2)	N/A
Post AMS Major Procurement Program Goals (Actuals)	Format prescribed by AJA-8; Report directly to AJA-8 in writing from the FAA Headquarters Director of Acquisition and Contracting, Regional Administrators and Center Directors. (See Appendix 4)	Quarterly, by the 15 th of the month following the reporting period. (See AMS Section 3.6.1.2)	N/A

10 Contractor Attendance at FAA-Sponsored and Other Government Training *Revised 4/2017*

a. *FAA Sponsored Training.*

(1) *General* Prior to attending classroom FAA-sponsored training, all support contractors are required to submit the "Support Contractor Authorization " form (see Procurement Forms) to the appropriate Contracting Officer. Support contractors are not required to submit the "Support Contractor Authorization" form when taking online FAA-sponsored training; unless the support contractor will take the online FAA-sponsored training on contractual billable hours. The Contracting Officers may authorize support contractors to participate in FAA-sponsored training, if training is authorized in the support contract and the training hours may be billed as direct hours to the contract. When training is NOT specifically authorized in the

provisions of the contract FAA will NOT pay direct hourly charges associated with the number of hours spent in training. The following conditions apply when training is not specifically authorized in the provisions of the FAA contract.

(a) *Unique Content.* Support contractors may be allowed to attend FAA sponsored training related to Agency-unique subject areas (such as the AMS), on a space-available basis. However, FAA will only pay direct hourly charges associated with the training if the conditions listed in a. (1) are met.

(b) *Non-unique Content.* In principle, when training is NOT covered under the support contract there is a presumption that the contractor is obligated to provide contractor personnel with the requisite expertise and training. Therefore, if the FAA provides training in an area that is not Agency-unique, the contract price should be reduced accordingly.

(c) *Unauthorized Actions.* If training is authorized by anyone other than the Contracting Officer, and the contract provisions do not provide for the training, the action is unauthorized and must be processed as an unauthorized commitment. (See T3.1.4 Delegations)

(d) *Contractor Required Training.* Courses identified as mandatory at the FAA, and placed in the eLMS Contractor Course catalog may be taken at will by FAA contractors and the training hours may be billed as direct hours to the contract. Courses may only be entered into the catalog with the approval of the manager of AAP-100.

(2) *Responsibilities.*

(a) *Contracting Officer.* The Contracting Officer may include language ~~in contracts~~ in contracts regarding the inclusion ~~of contractors~~ of contractors in FAA sponsored training and make the final determination whether or not a course is FAA-unique. The Contracting Officer is the only person with authority to approve Government training for a contractor, since it involves the expenditure of government funds. The Contracting Officer should provide a copy of the signed authorization to the Course Manager and retain the original in the contract file.

(b) *Contractors.* Prior to attending FAA-sponsored training, a support contractor must submit a "Support Contractor Authorization" form to the appropriate Contracting Officer. The form should be approved by both the requestor's Contracting Officer's Representative and the Contracting Officer and provided to the Course Manager on or before the first day of class.

(c) *Course Instructor.* The Course Instructor is not authorized to admit support contractor employees to a course without the Contracting Officer's authorization on the approval form. Any issues regarding attendance of support contractors are to be referred to the Course Manager.

(d) *FAA Course Manager.* The Course Manager should provide guidance to support contractors regarding the requirement for "Support Contractor Authorization" form and manage any issues referred by the Course Instructor pertaining to the support contractor's

authorization to attend the training. Additionally, the Course Manager should retain copies of signed forms with the training roster and ensure that a signed authorization is on file for all support contractors attending FAA sponsored training. The class roster should indicate the support contractor's company name and include the following legend: *"Failure to correctly indicate that you are an employee of a support contractor will be a material misrepresentation under the terms of the contract."*

b. *Other Government Training.*

FAA contractors may be eligible to take free-of-charge training through other Government sources such as the Federal Acquisition Institute (FAI) or Defense Acquisition University (DAU).

Contractor eligibility to take a course will be determined by the Government entity sponsoring the training. Contractors must follow the Government sponsor's eligibility, registration and approval procedures.

If required by the other Government entity, FAA approval of the training will be provided by the FAA Contracting Officer or the Contracting Officer's designee. The contractor must request FAA approval using the support contractor training authorization form in the FAST. FAA will consider whether the training is necessary for the contractor's performance under the contractor's FAA contract, or whether the training would be beneficial to the FAA.

11 Plain Language Added 7/2006

When the statement of work for a contract requires the contractor to deliver any document that will be published, either electronically or in hard copy, for dissemination outside the FAA, or for broad dissemination within the FAA, the document must comply with FAA Order 1000.36, "FAA Writing Standards." Typical documents covered by this requirement include scientific reports, study or survey results, newsletters, regulations, advisory circulars, orders, manuals, ATO Leaders Report, Reports to Congress, and FAA Today. This requirement does not apply to technical documents arising from contract administration, such as earned value management system reports, design review data packages, test plans, or integrated logistics support plans.

There is an equivalent contract clause implementing the above requirement.

12 Approval of Multiple-Award Procurement Programs Revised 10/2010

a. The FAA's multiple-award procurement programs expedite contracting processes for recurring needs by establishing more than one competitively awarded task/delivery order contract or agreement, or qualified vendors list, in broad categories of work, such as information technology or engineering services. As FAA organizations identify specific needs, they place orders against an individual contract, agreement, or qualified vendors list using procedures established under the particular multiple-award program.

b. Before any FAA organization establishes a new multiple-award procurement program, it must document the program's benefit, administrative cost, span of use, ordering procedures, and internal oversight mechanisms. Written approval, based on potential size, complexity, and scope of aggregate

needs, is also required before an FAA organization may begin any activity to establish a multiple award procurement program, as follows:

- (1) Joint Resources Council (JRC) approves any multiple award procurement program that is part of the procurement strategy for an investment program subject to JRC approval. The justification for the procurement program is described in the Integrated Strategy and Planning Document, and is approved by the JRC at the final investment decision.
- (2) FAA Acquisition Executive approves any multiple award procurement program, qualified vendors list, or blanket purchase agreement intended to satisfy recurring needs across more than one ATO service organization, ATO service area, or non-ATO line of business or staff office.
- (3) Chief of the Contracting Office approves any multiple award procurement program, qualified vendors list, or blanket purchase agreement intended to satisfy recurring needs of one ATO service organization, ATO service area, or non-ATO line of business or staff office.

c. The FAA organization establishing the multiple award procurement program must send a copy of the approved justification to the Director of Acquisition and Contracting at Headquarters.

B Clauses

[view contract clauses](#)

C Forms

[view procurement forms](#)

D Appendix Revised 1/2009

Sample 1 – Annual Procurement Forecast

Sample 2 - Major Procurement Program Goals (MPPG) Projection

Sample 3 - Pre-AMS MPPG (Actuals) Report

Sample 4 - Post AMS MPPG (Actuals) Report

APPENDIX SAMPLE 1

ANNUAL PROCUREMENT FORECAST FORMAT

Program Office & Point of Contact	Description of Procurement Planning Procurement Information	Incumbent Contractor & Current Contract Number (if available)
(Include Office Title, Release Routing Symbol, Method Telephone Number whether with Area Code)	(Include Brief Description, SIC Code Estimated Value, Performance Location indicating City & State)	(Include Estimated SIR Date, Estimated Award Date, of Procurement, indicate Set-Aside or not)

* Do Not Include Modifications to Existing Procurements

Method of Procurement: (i.e., set-aside, single Source unrestricted)

**APPENDIX
SAMPLE 2**

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

MAJOR PROCUREMENT PROGRAM GOALS (PROJECTION)

FISCAL YEAR

(DOLLARS IN MILLIONS)

REPORTING OFFICE: _____

Fiscal Year % of No. of

\$ Goal Goal Actions

- (1) Total Procurements..... _____ N/A
- (2) Awards to Small Businesses..... _____ % (% of 1) _____
- (3) Awards to SEDB (8(a))..... _____ % (% of 1) _____
- (4) Awards to Small Disadvantaged Businesses..... _____ % (% of 1) _____
- (5) Awards to Small Businesses Owned and Controlled by Women..... _____ % (% of 1) _____
- (6) Total Subcontracts Awarded by Prime Contractors..... _____ N/A

(7) Subcontracts Awarded to Small Businesses..... _____ % (% of 6) ___

(8) Subcontracts Awarded to Small Businesses Owned and Controlled by Socially and Economically Disadvantaged Individuals..... _____ % (% of 6) _____

(9) Subcontracts Awarded to Small Businesses Owned and Controlled by Women..... _____ % (% of 6) _____

**APPENDIX
SAMPLE 3**

PRE-ACQUISITION MANAGEMENT SYSTEM (AMS)

MAJOR PROCUREMENT PROGRAM GOALS (ACTUALS) REPORT (MPPGR)

DATA ITEM DESCRIPTIONS (2/98)

Pre-AMS reports are to be generated containing the following data elements:

Pre-AMS Procurement Obligations, as used in the MPPGR, is the sum of all procurement obligations that are **not** awarded pursuant to the AMS (excludes interagency agreements).

Total Awards (Item 1) are all pre-AMS procurement obligations awarded to large and small businesses excluding all interagency agreements. Item 1 must be equal to or greater than the sum of Items 2 - 5.

Awards to Small Business Concerns (Item 2) are all pre-AMS procurement obligations awarded to small business concerns (i.e. 8(a) businesses, small business concerns owned and controlled by socially and economically disadvantaged individuals, small businesses owned and controlled by women and all other small businesses). Item 2 must be equal to the sum of Items 3 - 5.

Awards to 8(a) Concerns (Item 3) are all pre-AMS procurement obligations awarded to 8(a) firms via FSS, 8(a) competitive set-asides and/or 8(a) non-competitive set-asides only. Do not count in Item 3 if counted in Items 4 or 5.

Awards to Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged (SDB) Individuals (Item 4) are all pre-AMS procurement obligations awarded to SDBs excluding awards to 8(a) firms via 8(a) competitive set-asides and/or 8(a) non- competitive set-asides. Do not count these awards in Item 4 if counted in Items 3 or 5.

Awards to Small Business Concerns Owned and Controlled by Women (WOB) (Item 5) are all pre-AMS procurement obligations awarded to WOBs excluding awards to 8(a) firms via 8(a) competitive set-asides and/or 8(a) non-competitive set-asides. Do not count these awards in Item 5 if counted in Items 3 or 4.

Total Subcontracts Awarded by Prime Contractors (Item 6) are all pre-AMS subcontract obligations awarded to large and small businesses. Item 6 must be equal to or greater than the sum of Items 7 - 9.

Subcontracts Awarded to Small Business Concerns (Item 7) are all pre-AMS subcontract obligations awarded to small businesses. Item 7 must be equal to or greater than the sum of Items 8 and 9.

Subcontracts Awarded to Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals (Item 8) are all pre-AMS subcontract obligations awarded to SDBs. Do not count these awards in Item 8 if counted in Item 9.

Subcontracts Awarded to Small Business Concerns Owned and Controlled by Women (Item 9) are all pre-AMS subcontract obligations awarded to WOBs. Do not count these awards in Item 9 if counted in Item 8.

Actual This Period (Column 3) are all pre-AMS procurement obligations awarded during the current reporting period.

Cumulative Actual to Date (Column 4) are all pre-AMS procurement obligations awarded from October 1 of the current fiscal year through end of the current reporting period.

Number of Actions (Column 5) are the number of pre-AMS procurement actions that correlate to the "Actual This Period" procurement obligations (Column 3) or the "Cumulative Actual to Date" (Column 4).

SAMPLE 3 – (cont'd.)

FEDERAL AVIATION ADMINISTRATION PRE-ACQUISITION MANAGEMENT SYSTEM

MAJOR PROCUREMENT PROGRAM GOALS (ACTUAL) REPORT*

REPORTING OFFICE/DATE OF REPORT _____

FISCAL YEAR _____

(Dollars in)

Column	Column 2	Column 3	Column 4	Column 5
--------	----------	----------	----------	----------

1				
		Actual This Period	Cumulative Actual to Date	Number of Actions
1.	Total Awards	\$	\$	
2.	Awards to small Business Concerns (Include Items 3, 4, and 5 below)	\$	\$	
3.	Awards to 8(a) Concerns	\$	\$	
4.	Awards to Small Business Concerns owned and Controlled by Socially and Economically Disadvantaged Individuals (Exclude Item 3)	\$	\$	
5.	Awards to Small business Concerns Owned and Controlled by Women (Exclude Item 3)	\$	\$	
6.	Total Subcontracts Awarded by Prime Contractors	\$	\$	
7.	Subcontracts Awarded to Small Business Concerns	\$	\$	
8.	Subcontracts Awarded to Small business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals	\$	\$	
9.	Subcontracts Awarded to Small Business Concerns Owned and Controlled by Women	\$	\$	

* INCLUDE ALL PRE-AMS PROCUREMENT ACTIONS ON THIS REPORT EXCEPT INTERAGENCY AGREEMENTS.

**APPENDIX
SAMPLE 4**

POST-ACQUISITION MANAGEMENT SYSTEM (AMS)

MAJOR PROCUREMENT PROGRAM GOALS (ACTUALS) REPORT (MPPGR)

DATA ITEM DESCRIPTIONS (2/98)

Post-AMS reports are to be generated containing the following data elements:

Post-AMS Procurement Obligations, as used in the MPPGR, are all procurement obligations that are awarded pursuant to the AMS only (excludes interagency agreements).

Total Awards (Item 1) are all post-AMS procurement obligations awarded to large and small businesses excluding all interagency agreements. Item 1 must be equal to or greater than the sum of Items 2 - 5.

Awards to Small Business Concerns (Item 2) are all post-AMS procurement obligations awarded to small business concerns (i.e. very small businesses, 8(a) businesses, small business concerns owned and controlled by socially and economically disadvantaged individuals, small businesses owned and controlled by women and all other small businesses). Item 2 must be equal to the sum of Items 2.1 - 5.

Very Small Business Set-Asides (Item 2.1) are all post-AMS procurement obligations awarded to very small businesses via FSS and/or very small business set-asides only. Do not include awards to very small businesses if the award was not made as a result of a FSS and/or very small business set-aside. Do not count very small business set-aside awards in Items 3, 4, or 5. Do not count in Item 2.1 if counted in Items 3, 4, or 5.

SEDB Set-Asides (8(a) (Item 3)) are all post-AMS procurement obligations awarded to 8(a) firms via FSS and/or SEDB set-asides only. Do not include awards to 8(a) firms if the award was not made as a result of a FSS and/or SEDB set-aside (8(a)). Do not count in Item 3 if counted in Items 2.1, 4, or 5.

Awards to Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged (SDB) Individuals (Item 4) are all post-AMS procurement obligations awarded to SDBs excluding awards to 8(a) firms via SEDB 8(a) set-asides (Item 3). Do not count these awards in Item 4 if counted in Items 2.1, 3, or 5.

Awards to Small Business Concerns Owned and Controlled by Women (WOB) (Item 5) are all post-AMS procurement obligations awarded to WOBs excluding awards to 8(a) firms via SEDB 8(a) set-asides. Do not count these awards in Item 5 if counted in Items 2.1, 3, or 4.

Total Subcontracts Awarded by Prime Contractors (Item 6) are all post-AMS subcontract obligations awarded to large and small businesses. Item 6 must be equal to or greater than the sum of Items 7 - 9.

Subcontracts Awarded to Small Business Concerns (Item 7) are all post-AMS subcontract obligations awarded to small businesses. Item 7 must be equal to or greater than the sum of Items 8 and 9.

Subcontracts Awarded to Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals (Item 8) are all post-AMS subcontract obligations awarded to SDBs. Do not count these awards in Item 8 if counted in Item 9.

Subcontracts Awarded to Small Business Concerns Owned and Controlled by Women (Item 9) are all post-AMS subcontract obligations awarded to WOBs. Do not count these awards in Item 9 if counted in Item 8.

Fiscal Year Goal (Column 3) are the agency-wide fiscal year goals established for each post-AMS MPPGR category (Column 2).

Actual This Period (Column 4) are all post-AMS procurement obligations awarded during the current reporting period.

Cumulative Actual to Date (Column 5) are all post-AMS procurement obligations awarded from October 1 of the current fiscal year through the end of the current reporting period.

Number of Actions (Column 6) are the number of post-AMS procurement actions that correlate to the "Actual This Period" procurement obligations (Column 3) or the "Cumulative Actual to Date" (Column 4).

SAMPLE 4 – (cont'd.)

FEDERAL AVIATION ADMINISTRATION POST-ACQUISITION MANAGEMENT SYSTEM

MAJOR PROCUREMENT PROGRAM GOALS (ACTUAL) REPORT*

REPORTING OFFICE/DATE OF REPORT _____

FISCAL YEAR _____

(Dollars in)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
		Fiscal Year \$ Goal	Actual This Period	Cumulative Actual to Date	Number of Actions
1.	Total Awards	\$	\$		
2.	Awards to small Business Concerns (Includes Items 2.1, 3, 4, and 5 below)	\$	\$		
2.1	Very Small Business Set-Asides				
3.	SEDB (8(a)) Set-Asides	\$	\$		
4.	Awards to Small Business Concerns owned and Controlled by Socially and Economically Disadvantaged Individuals (Exclude Item 3)	\$	\$		
5.	Awards to Small business Concerns Owned and Controlled by Women (Exclude Item 3)	\$	\$		

6.	Total Subcontracts Awarded by Prime Contractors	\$	\$		
7.	Subcontracts Awarded to Small Business Concerns	\$	\$		
8.	Subcontracts Awarded to Small business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals	\$	\$		
9.	Subcontracts Awarded to Small Business Concerns Owned and Controlled by Women	\$	\$		

*EXCLUDE INTERAGENCY AGREEMENTS AND AWARDS NOT MADE UNDER THE ACQUISITION MANAGEMENT SYSTEM ONLY.

(NOTE: PROVIDE THE DETAIL FOR ITEMS 2, 3, 4, AND 5 ON A SEPARATE SHEET. DETAIL THE INDIVIDUAL AWARDS (EXCEPT FOR SIMPLIFIED PURCHASES) THAT EQUATE TO THE TOTAL "ACTUAL THIS PERIOD" REPORTED. INCLUDE NAME OF CONTRACTOR, AWARD AMOUNT, APPLICABLE STANDARD INDUSTRIAL CLASSIFICATION AND ETHNIC GROUP.)