235.006 Contracting methods and contract type.

(b)(i) For major defense acquisition programs as defined in 10 U.S.C. 4201—

(A) Follow the procedures at 234.004 ; and

(B) Notify the milestone decision authority of an intent not to exercise a fixed-price production option on a development contract for a major weapon system reasonably in advance of the expiration of the option exercise period.

(ii) For other than major defense acquisition programs—

(A) Do not award a fixed-price type contract for a development program effort unless—

(*1*) The level of program risk permits realistic pricing;

(*2*) The use of a fixed-price type contract permits an equitable and sensible allocation of program risk between the Government and the contractor; and

(*3*) A written determination that the criteria of paragraphs (b)(ii)(A)(*1*) and (*2*) of this section have been met is executed—

(*i*) By the USD(A&S) if the contract is over $25 million and is for: research and development for a non-major system; the development of a major system (as defined in FAR 2.101); or the development of a subsystem of a major system; or

(*ii*) By the contracting officer for any development not covered by paragraph (b)(ii)(A)(*3*)(*i*) of this section.

(B) Obtain USD(A&S) approval of the Government’s prenegotiation position before negotiations begin, and obtain USD(A&S) approval of the negotiated agreement with the contractor before the agreement is executed, for any action that is—

(*1*) An increase of more than $250 million in the price or ceiling price of a fixed-price type development contract, or a fixed-price type contract for the lead ship of a class;

(*2*) A reduction in the amount of work under a fixed-price type development contract or a fixed-price type contract for the lead ship of a class, when the value of the work deleted is $100 million or more; or

(*3*) A repricing of fixed-price type production options to a development contract, or a contract for the lead ship of a class, that increases the price or ceiling price by more than $250 million for equivalent quantities.

- **235.006-70 Manufacturing Technology Program.**
- **235.006-71 Competition.**

Parent topic: Part 235 - RESEARCH AND DEVELOPMENT CONTRACTING