516.603-70 Additional limitations on the use of letter contracts for architect-engineer (A-E) services under the PBS Design Excellence Program.

(a) *Requirement for a price proposal*. The proposed A-E must provide a price proposal for the non-design effort before the award of a letter contract. In accordance with FAR 52.216-25, a complete price proposal is required before definitization.

(b) *Contents of each letter contract*. The contracting officer must include the following information in the letter contract:

(1) The scope. The scope of the letter contract must authorize only the A-E to perform those services that are independent of the design effort (for example, feasibility studies, existing facility surveys or site investigation, etc.). The A-E shall not begin any design effort before the letter contract is definitized for the entire scope of the project.

(2) A definitization schedule. Include dates for each of the following:

(i) Submission of the design fee proposal.

(ii) Start of negotiations.

(iii) Definitization. This date must be no later than 120 days after the date of the letter contract.

(3) The letter contract must comply with FAR 16.6.

(c) *Unilateral price decision*. If the contracting officer issues a unilateral price decision, the maximum contract amount must not exceed a reasonable price for the excludable items plus the six percent statutory fee limitation for the project.

Parent topic: 516.603 Letter contracts.