## 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:** <u>516.603 Letter contracts.</u>