

# AFFARS

## AFFARS PGI 5315 Contracting by Negotiation

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## **AF PGI 5315 Contracting by Negotiation**

### **AF PGI 5315.209-90 Solicitation Provisions and Contract Clauses**

(a) The contracting officer may include language in Section L (or equivalent in a solicitation for the acquisition of a commercial item) substantially the same as the following when a [DD Form 254](#), Contract Security Classification Specification is a requirement at time of award: “The offeror must possess, or acquire prior to award of a contract, a facility clearance equal to the highest classification stated on the Contract Security Classification Specification (DD Form 254) attached to the solicitation.”

(b) The contracting officer may include a provision substantially the same as the following. When access to classified documents is contemplated, the contracting officer may include a provision substantially the same as the provision with its Alternate I:

#### ***NOTICE OF PRE-BID/PRE-PROPOSAL CONFERENCE***

- (a) A pre-bid/pre-proposal conference will be conducted at [insert location including full address] on [insert date] at [insert time] for the purpose of answering questions regarding this solicitation.*
- (b) Submit the names of all attendees (not to exceed [insert number of attendees]) to [insert point of contact name, address, and phone number] prior to [insert date]. This information must be provided in advance in order to ensure access to the military base/conference site and adequate seating for the conference attendees.*
- (c) Bidders/Offerors are requested to submit questions to the point of contact noted above not later than [insert time and date]. Information provided at this conference shall not qualify the terms and conditions of the solicitation and specifications. Terms of the solicitation and specifications remain unchanged unless the solicitation is amended in writing. If an amendment is issued, normal procedures relating to the acknowledgment and receipt of solicitation amendments shall apply.*
- (d) A record of the conference shall be made and furnished to all prospective bidders/offerors. The record should include minutes of the meeting, including questions (on a non-attribution basis) and answers.*

**ALTERNATE I.** *If access to classified documents is contemplated, the contracting officer may add substantially the same as the following paragraphs (e) and (f) to the basic provision:*

*(e) To receive classified documents the recipient must have a security clearance of at least [insert classification] and authorization to act as courier. Security clearance and courier authorization must be on file at the following mailing address:*

*[insert address of organization responsible for this information]*

*(f) The classification of this conference is [insert classification].*

*{End of Provision}*

#### **AF PGI 5315.371-5 Waiver**

(a) When a waiver to the requirement at DFARS 215.371-2 is sought, the contracting officer should provide the following documentation to support the waiver request:

(1) Summary of market research that documents that competition was anticipated, process used to maximize competition pre-solicitation, and description of solicitation method;

(2) Rationale why re-advertising for an additional 30 days will likely not obtain two or more offers.

(3) Rationale for how the price/cost will be determined fair and reasonable with only one offeror.

#### **AF PGI 5315.402-90 Pricing Policy**

(a) Proposal Kick-Off and Proposal Walk-Through Meetings. For sole source contract actions and undefinitized contractual actions (UCA), contracting officers should consider:

(1) Scheduling a proposal kick-off meeting as soon as practicable after issuance of the RFP (or Draft RFP if appropriate) to discuss:

(i) Award/definitization schedule requirements and expectations on timely contractor support;

(ii) The contractor's spend-plan for obligation limitations in accordance with DFARS 217.7404-4(b); and

(iii) Expected major subcontracts (meets/exceeds threshold where cost and/or price analyses are required):

(A) Subcontractors subject to TINA and the subcontract evaluation plan (will Government assist audits be required?)

(B) Commercial subcontractors and Government's expectations as to the data required to determine price reasonableness

(iv) Meeting participants (tailor as appropriate):

(A) The Government team (e.g., contracting officer, contract specialist, price analyst, program/project office personnel, to include engineers, DCMA, DCAA);

(B) The prime contractor; and

(C) Major subcontractors having a significant role in the award/definitization (requires prime contractor's agreement).

(2) Scheduling a proposal walk-through meeting after proposal submittal and preliminary review by the Government team to:

(i) Ensure an understanding of the proposal composition (use the proposal adequacy checklist to facilitate the meeting and guide discussions);

(ii) Validate or revisit the award/definitization schedule;

(iii) Review the contractor's spend-plan for obligation limitations in accordance with DFARS 217.7404-4(b); and

(iv) Establish action items for any obvious data omissions. (Note: If data omissions are so significant as to render the proposal inadequate for analysis, the contracting officer may reject the proposal.)

(v) Meeting participants (tailor as appropriate):

(A) The Government team (e.g., contracting officer, contract specialist, price analyst, program/project office personnel, to include engineers, DCMA, DCAA);

(B) The prime contractor; and

(C) Major subcontractors having a significant role in the award/definitization (requires prime contractor's agreement).

(b) See the [DoD Sole Source Streamlining Tool Box](#) for techniques to increase efficiency throughout the acquisition process.

### **AF PGI 5315.404-3-90 Subcontract Pricing Considerations**

(a) When a contractor refuses to provide adequate supplier proposals and/or the results of their subcontract reviews/evaluations in accordance with FAR 15.404-3(b), or when the contracting officer determines the supplier proposals and/or prime evaluations are so deficient as to preclude an adequate analysis and evaluation of the contractor's proposal, the contracting officer should attempt to secure the subcontract proposals and review/evaluations and/or elicit corrective action. If the contractor persists in refusing to provide subcontract reviews and evaluations, the contracting officer should withhold the award and elevate the matter to management for resolution.

(b) If subcontract reviews and evaluations are not provided by the prime contractor, or are inadequate, the contracting officer may assign below-normal values for management/cost control under the performance risk factor when using the weighted guidelines method (see DFARS 215.404-71-2(e)(3)(i)(E)) to establish a profit objective. Contracting officers should consider taking action described in DFARS 215.407-5 when a contractor consistently fails to provide adequate subcontract reviews and evaluations. If a subcontract represents a significant cost risk to the Government, the contracting officer should consider:

(1) Conducting a joint Government/contractor team analysis of the subcontract proposal, and/or

(2) Directing the contractor to definitize the subcontract prior to completion of prime contract negotiations once the Government has determined the prime contractor's settlement position is fair and reasonable.

**AF PGI 5315.404-70-90 DD Form 1547, Record of Weighted Guidelines Method Application, Report Control Symbol: DD-AT&L(Q)1751**

See the [WGL User's Guide](#) for additional information on how to analyze profit and prepare a [DD Form 1547](#).

**AF PGI 5315.407-91 Formula Pricing Agreements (FPA)**

(a) An FPA is any pricing agreement with a contractor that identifies the categories of purchases to be covered (e.g., F-100 replenishment spares) and:

(1) Establishes the pricing methodology for more than one future contract action; and/or,

(2) Establishes a pricing methodology for corporate contracts and strategic sourcing agreements; and/or,

(3) Specifies the direct cost inputs and the rates and/or factors to be applied to identified bases plus profit or fee.

(4) FPAs are not Forward Pricing Rate Agreements (FPRA). An FPRA is usually limited to an agreement on individual rates or factors (including Cost Estimating Relationships (CER)), applies to items not specified in the agreement, and is required to be used by all buying activities.

(b) A contracting officer may consider establishing FPAs in order to reduce administrative costs and lead times associated with negotiation of large numbers of contract actions for items that can be identified or described in the agreement. FPAs typically are established only with contractors under Government in-plant contract administration cognizance and having a resident DCAA auditor. Contracting offices contemplating an FPA with a contractor without in-plant administration and/or DCAA representation, should do so only if they have the staffing/capability to administer the FPA themselves. Use of an FPA does not exempt proposals from TINA or other applicable laws or regulations.

(c) Content and Structure of FPAs. All FPAs should:

(1) Be in writing and signed by the contracting officer and an authorized representative of the contractor;

(2) Cover no cost elements that would require discrete estimating and analysis;

(3) Identify all rates and factors that are a part of the FPA. An FPA may reference FPRA(s), as long as it prescribes the effect and treatment of any changes in the FPRA(s);

(4) Establish terms and conditions covering application of the agreement, its expiration date, and any data requirements for systematic monitoring (e.g., provisions for review of actual cost data) to ensure its continuing validity;

(5) Provide for cancellation at the option of either party;

(6) Require the contractor to notify the contracting officer and the cognizant contract auditor of any significant change in its estimating/accounting system or the cost or pricing data and describe the impact on the FPA;

(7) Require the contractor to identify in each specific pricing proposal where the agreement is used:

(i) The FPA and the date of the latest certification of cost or pricing data supporting it; and,

(ii) Any items in the proposal that are not priced under the agreement;

(8) Indicate that the FPA should not be used if the contractor's purchasing, estimating or accounting systems are disapproved by the Government;

(9) Allow for the contracting officer, or designated representative, to perform detailed cost or price analysis on random samples of proposed items and/or items that have unit prices that are significantly higher than previous buys;

(10) Be supported by certified cost or pricing data (see FAR 15.403-4) and a signed Certificate of Current Cost or Pricing Data that is submitted when agreement on the FPA is reached (and annually thereafter);

(11) Provide that contractual documents for items priced using the FPA, include:

(i) The statement at FAR 52.215-10, Price Reduction for Defective Certified Cost or Pricing Data; and,

(ii) A clause incorporating the FPA by reference.

(12) Be based on a pricing methodology that ensures that unit prices are in proportion to the item's base cost (see FAR 15.404-1(f)) and that prices may be adjusted, if it is found that:

(i) Cost or pricing data supporting the FPA were not accurate, current or complete; or,

(ii) The price was developed through incorrect application of the FPA.

(d) Contracting office responsibilities, as appropriate:

(1) Establish appropriate approval levels for FPAs;

(2) Maintain a list of FPAs that identifies each company and the group of items covered under each FPA;

- (3) Conduct periodic reviews of FPAs and contract actions priced using FPAs; and,
- (4) Establish agreements with appropriate contract administration offices to provide field pricing support, negotiation support, and administrative support of Air Force FPAs.
- (e) Contracting officer responsibilities, as appropriate:
- (1) Obtain field pricing support, including contract audit and technical reviews, in the evaluation and negotiation of FPAs;
- (2) Prepare a price negotiation memorandum covering the pricing factors used in each FPA, including a discussion on how profit or fee was calculated [using [Weighted Guidelines](#) or an alternate structured approach];
- (3) Semi-annually request (through the ACO) the DCAA resident auditor to determine if the contractor is complying with FPA procedures;
- (4) Annually review each FPA to determine its validity by evaluating recorded cost data, and renegotiate the FPA if appropriate;
- (5) Determine the effect changed conditions may have on the FPA's validity. Cancel an FPA when appropriate and notify all interested parties;
- (6) Do not use a cancelled FPA;
- (7) Conduct an evaluation of each proposal under an FPA in order to ensure that the FPA applies to the items and to determine the reasonableness of discrete cost inputs and any non-covered costs (e.g., nonrecurring costs);
- (i) Compare proposed prices with prior prices, Government estimates, and purchase request estimates to ensure reasonableness, as use of an FPA does not relieve the CO of the responsibility to ensure that the price is fair and reasonable;
- (ii) Conduct detailed cost analysis on random samples of proposed items and/or items that have unit prices that are significantly higher than previous buys; and,
- (iii) Ensure that individual contract actions priced using the FPA comply with the terms of the FPA.
- (f) Contractors could have FPAs, or similar agreements, with other Air Force activities and/or non-Air Force activities. COs may consider using these agreements, but should take care to ensure that the FPA to be used addresses all aspects of their acquisition situation.

**AFICC PGI 5315**  
**Contracting by Negotiation**

**AFICC PGI 5315.403-1 Prohibition on Obtaining Certified Cost or Pricing Data (10 U.S.C. 2306a and 41 U.S.C. Chapter 35)**

(c)(3)(B)(1) Commercial Item Exceptions to TINA Requirements Report. The COCO will

consolidate and submit the information as outlined in DFARS PGI 215.403-1(c)(3)(B)(1), or submit a negative report for the organization, to the SCO for review and submission to [AFICC/KPF](#) no later than 7 October each year.

(c)(4)(B) Waiver of TINA Requirements Report. The COCO will consolidate and submit the information as outlined in DFARS PGI 215.403-1(c)(4)(B), or submit a negative report for their organization to the SCO for review and submission to [AFICC/KPF](#) no later than 7 October each year.

### **AFICC PGI 5315.404-1-90 Pricing Assistance or Pricing Assistance Waiver**

(a) Pricing assistance is available from AFICC/KPF and may be available from the cognizant AFICC Operating Location. Pricing support requested from AFICC/KPF will be provided at the discretion of AFICC/KPF using the [AFICC/KPF Pricing Request Form](#). Pricing support is defined as:

- (1) Level I—Full-Up Pricing Assistance
- (2) Level II—Review/Assist
- (3) Level III—Respond to Questions

(b) AFICC/KPF support includes but is not limited to: assistance from a dedicated price analyst in the development of Weighted Guidelines ([DD Form 1547](#)), pricing support for Clearance, development of cost models and proposal assistance, resolving defective pricing situations, price adjustments as a result of disputes and claims, requests for equitable adjustment, PNM review, “re-opener” cases, evaluating performance based payments or assistance during source selections (cost sections of briefings and reports, Sections L&M, etc.).

### **AFICC PGI 5315.407-90 Contract Audit Follow-Up (CAFU)**

AFICC OL SCOs should courtesy copy [AFICC/KPF](#) when reporting.

## **AFMC PGI 5315 Contracting by Negotiation**

### **AFMC PGI 5315.207 Handling Proposals and Information**

(a) If a package contains more than one proposal, the buyer or contracting officer should stamp each envelope with the time and date of delivery. If a proposal is delivered to the wrong office, the recipient should stamp the time and date received, and then deliver the proposal to the intended office immediately.

### **AFMC PGI 5315.3 (1.4.1.1) SSA Appointment**

(a) AFMC/CA is the Source Selection Authority for AFPEO/CM services acquisitions >\$100M < \$1B, unless further delegated.

(b) SSAs have been standardized as follows:

**(1) Air Force Life Cycle Management Center (AFLCMC)** (contracting organizations are

located at Wright-Patterson Air Force Base, Eglin Air Force Base, Hanscom Air Force Base, Gunter Annex, Lackland Air Force Base, Randolph Air Force Base, Peterson Air Force Base, Offutt Air Force Base, Tinker Air Force Base, Hill Air Force Base and Robins Air Force Base):

<b>Source Selection Authority for actions not in AFPEO/CM's portfolio</b>			
<b>Acquisition Value</b>	<b>Enterprise</b>	<b>Operational</b>	
	<b>All Locations</b>	<b>Wright-Patterson</b>	<b>Hanscom</b>
<b>≥\$100M</b>	<b>AFLCMC/CC/CA<sup>1</sup></b>	<b>Air Base Wing Commander/Director<sup>1</sup></b>	<b>Air Base Group Commander/Director<sup>1</sup></b>
<b>&gt; \$10M &lt; \$100M</b>	<b>Commander/Director of the requiring Directorate/GSU/DRU or 2 letter<sup>2</sup></b>	<b>Air Base Wing Commander/Director<sup>2</sup></b>	<b>Air Base Group Commander/Director<sup>2</sup></b>

<sup>1</sup> ≥ \$100M: delegable to no lower than one level above the PCO or equivalent or higher position within the requiring activity chain;

<sup>2</sup> >\$10M < \$100M: delegable to no lower than the PCO or equivalent or higher position within the requiring activity chain.

**(2) Air Force Nuclear Weapons Center (AFNWC)** (contracting organizations are located at Kirtland Air Force Base, Hill Air Force Base, Tinker Air Force Base, and Eglin Air Force Base):

<b>Source Selection Authority for actions not in AFPEO/CM's portfolio</b>		
<b>Acquisition Value</b>	<b>Enterprise</b>	<b>Operational</b>
<b>≥\$100M</b>	<b>AFNWC/CC/CA<sup>1</sup></b>	<b>Air Base Wing Commander/Director<sup>1</sup></b>
<b>&gt; \$10M &lt; \$100M</b>	<b>Commander/Director of the requiring Directorate<sup>2</sup></b>	<b>Air Base Wing Commander/Director<sup>2</sup></b>

<sup>1</sup> ≥ \$100M: delegable to no lower than one level above the PCO or equivalent or higher position within the requiring activity chain;

<sup>2</sup> >\$10M < \$100M: delegable to no lower than the PCO or equivalent or higher position within the requiring activity chain.

**(3) Air Force Research Laboratory (AFRL):**

<b>Source Selection Authority</b>		
<b>Acquisition Value</b>	<b>Enterprise</b>	<b>Operational</b>
<b>≥ \$100M</b>	<b>AFRL/CC/CA</b>	<b>AFRL/CC/CA</b>
<b>≥ \$50M &lt; \$100M</b>	<b>Technical Director<sup>1</sup></b>	<b>Technical Director<sup>1</sup></b>
<b>&gt; \$10M &lt; \$50M</b>	<b>Technical Division Chief<sup>2</sup></b>	<b>Technical Division Chief<sup>2</sup></b>

<sup>1</sup> ≥ \$100M: delegable to no lower than one level above the PCO or equivalent or higher position within the Technical Director chain.

<sup>2</sup> >\$10M < \$100M: delegable to no lower than the PCO or equivalent or higher position within the Technical Director chain.

**(4) AIR FORCE SUSTAINMENT CENTER** (contracting organizations are located at Tinker Air Force Base, Hill Air Force Base, and Robins Air Force Base):

<b>Source Selection Authority for actions not in AFPEO/CM's portfolio</b>		
<b>Acquisition Value</b>	<b>Enterprise</b>	<b>Operational</b>
<b>≥\$100M</b>	<b>AFSC/CC/CA<sup>1</sup></b>	<b>Air Base Wing Commander/Director<sup>1</sup></b>

<b>&gt; \$10M &lt;\$100M</b>	<b>Commander/Director of the requiring Directorate<sup>2</sup></b>	<b>Air Base Wing Commander/Director<sup>2</sup></b>
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<sup>1</sup> ≥ \$100M: delegable to no lower than one level above the PCO or equivalent or higher position within the requiring activity chain;

<sup>2</sup> >\$10M < \$100M: delegable to no lower than the PCO or equivalent or higher position within the requiring activity chain.

**(5) AIR FORCE TEST CENTER (AFTC)** (contracting organizations are located at Edwards Air Force Base, Arnold Air Force Base, and Eglin Air Force Base, and Hill Air Force Base):

<b>Source Selection Authority for actions not in AFPEO/CM’s portfolio</b>		
<b>Acquisition Value</b>	<b>Enterprise</b>	<b>Operational</b>
<b>≥\$100M</b>	<b>AFTC/CC/CA<sup>1</sup></b>	<b>Test Wing Commander/Director<sup>1</sup></b>
<b>&gt; \$10M &lt;\$100M</b>	<b>Commander/Director of the requiring Directorate<sup>2</sup></b>	<b>Test Wing Commander/Director<sup>2</sup></b>

<sup>1</sup> ≥ \$100M: delegable to no lower than one level above the PCO or equivalent or higher position within the requiring activity chain;

<sup>2</sup> >\$10M < \$100M: delegable to no lower than the PCO or equivalent or higher position within the requiring activity chain.

(c) Many source selection teams request and document delegation of SSA in the Acquisition Strategy Panel charts, and/or Acquisition Plan/LCMP, which eliminates the need to process a separate delegation memo. When using a separate delegation memo, PCOs may use the templates below:

[Delegation of Source Selection Authority Staff Summary Sheet Template](#)  
[Delegation of Source Selection Authority Memo Template](#)

**AFMC PGI 5315.3 (1.4.2.2.3)**

All source selection teams should consider use of the “[Verification of Correspondence Going to Offeror](#)” checklist for correspondence going to offerors, whether in hard copy or electronic format, and for information being posted to a website accessible by offerors.

### **AFMC PGI 5315.3 (1.4.6.1) Government Advisors**

Some Operating Locations/Centers assign a Source Selection Support Advisor from the local Acquisition Center of Excellence (ACE) and/or local Clearance and Program Support Office to serve in an advisory capacity to the SSA and the Source Selection Team (SST). When a Source Selection Support Advisor is not assigned or not available, teams should refer to the [AFFARS Library Part 5315](#), for examples, templates, forms and useful guidance.

### **AFMC PGI 5315.3 (1.4.7.2)**

(a) More complex and higher value source selections should be conducted in a local Source Selection Facility (SSF), if available. Other source selections may use the SSF on a space-available basis. If space is not available, the Wing, or requiring office should provide secured space to conduct the source selection.

(b) Notification to SSF. At Operating Locations or Centers that have a SSF, program offices should notify the SSF of forthcoming source selections to be held in the SSF as soon as the potential for the source selection action has been identified. Notification includes: program name, anticipated date of RFP release and proposal receipt, expected number of offerors, estimated dollar value of the acquisition, identification of the probable SSA, anticipated number of SSEB members and role in the source selection (e.g., past performance, technical, etc.), SSEB Chairperson and PCO (with office symbol and phone number/e-mail address) and desired date for occupancy in the SSF including designating whether the past performance team will arrive early.

### **AFMC PGI 5315.3 (2.1.2.3) Draft Request for Proposals (RFP)**

The PCO provides clear and timely responses to draft RFP comments to ensure potential offerors are as fully informed as possible. These responses include the Government's rationale when not accepting industry recommended changes to the RFP. In doing so, acquisition teams will continue to benefit from open communication with industry beyond the early requirements definition phase.

### **AFMC PGI 5315.3 (2.3.1) Evaluation Factors/Subfactors**

For all AFRL Sites: consider the following technical and cost factors and/or subfactors:

(a) Cost is a substantial factor in Science and Technology (S&T) source selections, but it is significantly less important than all other factors combined in determining the basis for award.

(b) Technical:

(1) Technical approach: The soundness of the offeror's technical approach, including the offeror's demonstrated understanding of the technical requirement.

(2) Qualification: The quantity and quality of experience and qualifications of the proposed personnel relevant to the proposed task. The quantity and quality of the offeror's corporate experience relevant to the proposed task.

(3) Management: The degree to which the offeror demonstrates the ability to effectively and efficiently manage and administer the program to a successful conclusion.

(4) Facilities: The degree to which the proposed facilities enable accomplishment of the proposed effort.

(c) Past Performance Information (PPI):

(1) Unlike contracts for supplies and services, most S&T contracts are directed toward objectives for which the work or methods cannot be precisely described in advance and it is difficult to judge the probabilities of success or the likelihood of the proposed approach being achieved. Some approaches offer little or no early assurance of full success (see FAR 35.002). Due to the trial and error nature of the S&T environment, many problems and failures are routine and expected. Therefore, PPI may not be a significant discriminator in S&T source selection decisions.

(2) When PPI is used in S&T source selections, tailor the type of past performance data to be collected and the manner in which it is to be evaluated to the specific acquisition. Evaluation of ad hoc past performance information should either be incorporated in other evaluation factors and/or subfactors (e.g., technical approach, qualification, management, facilities) or used as a stand-alone factor or subfactor as appropriate. PCOs should review "Guidance for the Contractor Performance Assessment Reporting System ([CPARS](#))", for additional guidance on S&T acquisitions.

**AFMC PGI 5315.402-90 Pricing Policy**

(a) To facilitate timely award of sole source contract actions, contracting officers are strongly encouraged to conduct proposal kickoff and proposal walk through meetings (see [AF PGI 5315.402-90](#)). To ensure these meetings are successful, preparation is important. The following tailorable Meeting Checklists which cover important topics regarding prime and supplier proposal adequacy are provided to guide these meetings. Contracting officers should recommend that the Prime Contractor also conduct these meetings with their subcontractors and tailor these checklists for this purpose. It is a common best practice in industry to host supplier kickoff meetings and training sessions for subcontractors that may have difficulty supplying adequate proposals.

(1) [Proposal Kickoff Meeting Checklist](#)

(2) [Proposal Walk-Through Meeting Checklist](#)

(b) To foster both a timely and effective proposal evaluation and a quality business deal for the government, price analysts, contracting officers and contract negotiators for major acquisitions subject to Peer Review in accordance with DFARS 201.170 should consider employing selected techniques from the "[DoD Sole Source Streamlining Toolbox](#)". The use of streamlining techniques selected as appropriate for each specific acquisition will ensure the Air Force team appropriately focuses evaluation time and effort on areas of most significant cost risk, resulting in more effective cost/price negotiations and timely contract award.

**AFMC PGI 5315.403-1 Prohibition on Obtaining Certified Cost or Pricing Data (10 U.S.C. 2306a and 41 U.S.C., Chapter 35)**

(c)(4)(A) Submit the formal request for exceptional case TINA waiver to SAF/AQC (with a courtesy copy to HQ AFMC/PKF) via the [HQ AFMC/PK Workflow](#) email account. It is a good practice for the local Pricing office to review the formal request for an exceptional case TINA waiver before the request is submitted to SAF/AQC.

**AFMC PGI 5315.404-1-90 Pricing Assistance or Pricing Assistance Waiver**

(a) For LCMC (Wright-Patterson AFB), source selection pricing assistance may be provided for structuring instructions to offerors and evaluation criteria, as needed depending on resource constraints. Full-time pricing assistance during source selection is not required.

### **AFMC PGI 5315.404-2-90 Data to Support Proposal Analysis**

(a) Field Pricing Support:

(1) The AFNT, led by the contracting officer, will decide the level of field support required from the cognizant DCMA and/or DCAA early in the acquisition.

(2) Informal discussions with these two organizations are strongly encouraged. Ultimately, however, the contracting officer will officially request their support and identify specific areas where pricing assistance is requested (e.g., vendor decrements, direct and indirect rates, pricing history, disclosure statement status, etc.).

(3) Copies of relevant acquisition documents (e.g., RFP) should be furnished to the cognizant DCMA office with a courtesy copy to the cognizant DCAA office whenever possible, electronically if possible.

DCAA treats direct requests from the activity as a signal to begin the audit work.

(b) Field Pricing Support: [DoD Directive 5105.36](#) authorized the Director, Defense Contract Audit Agency (DCAA), to perform all necessary contract audits for the Department of Defense (DoD) and provide accounting and financial advisory services regarding contracts and subcontracts to all DoD Components responsible for procurement and contract administration, and to establish and maintain liaison auditors and financial advisors, as appropriate, at major procuring and contract administration offices.

### **AFMC PGI 5315.404-3-90 Subcontract Pricing Considerations**

For complex, high dollar efforts with multiple subcontracts, it is imperative that the prime contractor provide the government with the most up to date information regarding the status of subcontractor proposals, assist audits, and prime contractor's cost/price analysis reports of their subcontractors. When multiple subcontracts are anticipated, it is recommended that contracting officers include a requirement in sole source RFPs for the prime contractor to complete the [Subcontractor Proposal Tracking Matrix](#) and submit it with the proposal. This document should be updated throughout the proposal evaluation process until date of agreement on price so the government team is up to date on supplier proposal adequacy issues, concerns and status.

### **AFMC PGI 5315.406-1 Pre-negotiation Objectives**

(b)(ii) *Adjudication Procedures*. If significant disagreements with DCAA remain after attempts by the contracting officer and the contracting officer's local management to resolve them, the cognizant SCO will elevate to SAF/AQC as necessary and will provide an explanation of the issue to HQ AFMC/PKF via [AFMC/PK Workflow](#).

## **AFMC PGI 5315.406-3 Documenting the Negotiation**

(a) For contract actions valued below the TINA threshold, the AF Streamlined PNM Format for [supplies](#) or [services](#), or any other format which adequately addresses the basis of the proposed, objective, and negotiated amounts is available for use. If the value of the contract action exceeds the TINA threshold and no exception to TINA applies, it is expected that the pricing documentation will address the cost element composition of the proposed, objective, and negotiated positions at an appropriate level of detail based on the value and complexity of the pricing action.

(1) Capture the proposed, objective and negotiated positions in applicable pricing document, including contract actions that incorporate additions or deletions, even when there is no change in contract value.

(2) The PNM template referenced in [AF PGI 5301.170-2\(b\)\(2\)](#) may be utilized.

## **AFMC PGI 5315.406-3-90 Use of Abstract of Offers as Documentation of Price Reasonableness**

If adequate price competition exists as defined in FAR 15.403-1(c)(1)(i); the contract type is FFP; and price/price and technical acceptability/price, technical acceptability and the acceptability of past performance are the only factors being evaluated other than the RFP terms and conditions, and tradeoffs are not permitted between price and non-price factors (i.e., when an LPTA approach is used), an [SF1409/ 1410](#), Abstract of Offers and Continuation sheet may be used as the pricing evaluation documentation. The SF1409/1410 should be marked to include the following information:

(a) The accepted price should be prominently displayed, for example circled in colored ink, to facilitate quick identification/flagging of the information. If the quantity accepted is different from that called for on the solicitation, the accepted quantity (variance) should also be flagged.

(b) If a low offer is rejected and one at a higher price is accepted, identify the reason for the rejected offer(s); however, refrain from annotating any information concerning contractor responsibility, or other sensitive information not releasable to the public, on the SF1409/1410. (This information should be documented separately in the file).

(c) The following award information should be included at the bottom of the listing of offerors and prices: (i) Contract number; (ii) List of CLINs awarded; (iii) Total amount of award; and (iv) Statement that price(s) are considered fair and reasonable based on adequate price competition.

EXAMPLE: CONTRACT NR: F09603-00-C-9876

CLINS AWARDED: 0001 - 0003  
TOTAL AWARD AMOUNT: \$4,098,123  
Price is considered fair and reasonable based on adequate price competition.

(d) The contracting officer signs the SF1409/1410.

## **AFMC PGI 5315.407-1-90 Defective Certified Cost or Pricing Data**

Ensure timely resolution of defective pricing audits. The Pricing Chief should coordinate on the "resolution" for all defective pricing audits when the location has a centralized pricing organization, except when the defective pricing audit is being resolved by the centralized pricing organization. For locations without a co-located centralized pricing organization, coordination on the "resolution" should be at one-level above the contracting officer. If the Air Force Negotiation Objective or negotiated amount deviates from the DCAA Recommended Price Adjustment, the contracting officer should seek approval of the variance from at least one-level above the contracting officer. Contracting officers should ensure that defective pricing adjustments (excluding interest) are reflected in automated procurement history records for repetitive spares. Negotiated settlement agreement with a contractor do not waive the rights of the government for future defective pricing claims or otherwise restrict the government's rights to conduct audits under the same or other contracts. The collection of interest cannot be waived or offset. Refer to the [Defective Pricing Guide](#) for additional guidance.

## **AFMC PGI 5315.407-2 Make-or-Buy Program**

(d)(1) To implement policy in FAR 15.407-2, the contracting officer may include the following language in the solicitation:

*The offeror shall submit with the proposal a proposed Make-or-Buy Program to include or be supported by the following information:*

*(a) A description of each major item or work effort that requires company management review of the make-or-buy decision because they are complex, costly, needed in large quantities, or require additional facilities to produce. Raw materials, commercial products and off-the-shelf items shall not be included, unless their potential impact on contract cost or schedule is critical. Make-or-buy programs should not include items or work efforts estimated to cost less than (i) one percent of the total estimated contract price or (ii) \$1,500,000, whichever is less.*

*(b) Categorization of each major item or work effort as "must make," "must buy," or "can either make or buy."*

*(c) For each item or work effort categorized as "can either make or buy," a proposal either to "make" or to "buy."*

*(1) Proposals for "make" items shall include:*

*(i) Basis for estimated in-plant cost for each "must make" item. If past experience on in-plant production of similar items is used as a baseline to develop this cost, explain the relationship between the similar items. If past experience on subcontracting for similar items is used as a baseline, also explain the relationship between the two. If available, include labor standard data to support the decision to make each item in-plant. Give reasons why the competence, ability, experience, and capability at other firms that produce each "make" item do not support a "buy" decision.*

*(ii) Plant-loading data to show projected use of existing and additional manpower and facilities to support the in-plant effort on the program. Show the optimum in-plant effort to indicate the*

*relationship between this program and overall workload associated with other programs. Explain the effect the make-or-buy decision for each item will have on the overhead rates for this program or other Government contracts.*

*(2) Proposals for "buy" items shall include the basis for estimating subcontractor's cost for each "buy" item. Indicate the most likely source to be selected. If subcontractors' proposals have not been received, indicate the estimated number of sources to be solicited for each buy item proposal and the estimated date for receipt of each proposal. If available, include labor standard data to make each item in-plant.*

*(3) Proposals for "can either make or buy" shall include estimated startup costs for each make-or-buy item, to include special tooling (cross-reference with tooling plan and make-or-buy summary), plant rearrangement, and any other manufacturing or indirect costs that could be considered a loss to either the Contractor or Government if a decision is made to change the initial designated make-or-buy source.*

*(4) Reasons for:*

- (i) categorizing items and work efforts as "must make" or "must buy," and;*
- (ii) proposing to "make" or to "buy" those categorized as "can either make or buy."*

*The reasons must include the consideration given to the evaluation factors described in the solicitation and be in sufficient detail to permit the Contracting Officer to evaluate the categorization or proposal.*

*(5) Designation of the plant or division proposed to make each item or perform each work effort and a statement as to whether the existing or proposed new facility is in or near a labor surplus area.*

*(6) Identification of proposed subcontractors, if known, and their location and size status.*

*(7) Identification of items on which small business firms may be able to compete for subcontracts.*

*(8) Any recommendations to defer make-or-buy decisions when categorization of some items or work efforts is impracticable at the time of submission.*

*(2) The following factors should be used in evaluating the proposed program:*

- (i) Capability;*
- (ii) Capacity;*
- (iii) Availability of small business for subcontracting;*
- (iv) Delivery or performance schedules;*
- (v) Control of technical and schedule interfaces;*
- (vi) Proprietary processes;*
- (vii) Technical superiority or exclusiveness;*
- (viii) Technical risk involved; and*
- (ix) Cost/price comparison between "make" and "buy."*

**SMC PGI 5315**  
**Contracting by Negotiation**

**SMC PGI 5315.3 (1.4.1.1) SSA Appointment**

(b) SSA delegations can be found on the [SADI Acquisition Authorities](#) page.

**SMC PGI 5315.3 (1.4.2.2) PCO Responsibilities**

(a) Although the SSEB Chair is responsible for the overall management of the SSEB, the PCO has a leadership role and should work with the SSEB to ensure the evaluation is conducted in accordance with the evaluation criteria specified in the solicitation. As the primary business advisor and principal guidance source for the entire source selection, the PCO should be involved in all aspects of the source selection evaluation process, such as SSEB Team training, technical evaluation, assessment and rating reviews, EN review and disposition, and preparation of all evaluation documentation and briefings.

(b) For competitive acquisitions over \$100M, the PCO should ensure that the SMC/PKC Reviewer, the SMC/PKF Reviewer, and the program attorney are invited to Phase II training.

**SMC PGI 5315.3 (1.4.2.2.7)**

The PCO should notify source selection participants concurrently by including them in the email distribution as indicated below:

SMC/PK	smc.pk.exec@us.af.mil
SMC/SB	smallbus@us.af.mil
SMC/PA	SMC.PA.SecurityandPolicy@us.af.mil
ACE Advisor (when applicable)	Obtain from Global
Attorney Advisor	Obtain from Global
Committee Reviewer (when applicable)	Obtain from Global
Source Selection Evaluation Team	Obtain from Global
Source Selection Advisory Council (when applicable)	Obtain from Global

Source Selection Authority	Obtain from Global
Program Office (e.g. SMC/RS Exec)	Obtain from Global
PEO/Sp(D, E, or P) Exec (when applicable)	Obtain from Global
SMC/CCE	smc.cce@us.af.mil
SMC/CAE	smc.cae@us.af.mil
SAF/AQC (when applicable in accordance with AFFARS MP5315.3, para 1.4.2.2.7)	usaf.pentagon.saf-aq.mbx.saf-aqc-workflow@mail.mil

### **SMC PGI 5315.3 (2) Pre-solicitation Activities**

The PCO is the focal point for all information exchanges to ensure competition integrity and procurement integrity procedures are closely followed, and will ensure all personnel on the acquisition team understand the significance and necessity of this structured approach to disseminating information.

#### **SMC PGI 5315.3 (2.1.2.1) Pre-solicitation Notices**

A Request for Information (RFI) is generally used as part of market research to determine industry interest in an anticipated acquisition; to obtain estimated prices, delivery or other market information for planning purposes; and to ensure industry understanding of Government requirements. PCOs should ensure the requirements at FAR 15.209(c) are followed and FAR clause 52.215-3, "Request for Information or Solicitation for Planning Purposes", is included in the RFI.

(a) Call for Concepts (or Concept Data Call) - a type of RFI in which the Government seeks industry information to understand state-of-the-art technologies and recommendations to formulate initial capability documents and/or identify Government technology gaps and shortfalls. This type of information is usually for new and emerging technologies and will require a Rough Order of Magnitude (ROM) Life Cycle Cost (LCC) estimate with high level schedule milestones for development, initial operational capability (IOC), and long term sustainment.

(b) Sources Sought Synopsis (SSS) - a type of RFI in which the Government posts a summary description of the technical requirement and seeks industry information to understand what sources and capabilities are available. Often a Sources Sought synopsis is followed by an announcement of an Industry Days or may include an announcement for an Industry Days.

(c) Rough Order of Magnitude (ROM) - a type of RFI in which an estimate is provided by industry at the Government's request and may be used in the early stages of technology development or in a project when the scope and technical requirements have not been fully defined. Requesting a ROM may also be useful to the Government at critical design stages. The main purpose of the ROM

estimate is to provide decision-makers with the information necessary to make a decision on whether it makes sense to move forward with the project based on the estimated work effort anticipated, in terms of completion time and cost. A ROM may be useful to project planners in reducing the risk of uncertainty with regard to cost outcomes for both parties when project details have yet to be identified.

### **SMC PGI 5315.3 (2.1.2.2) Industry Engagement/Industry Days**

(a) Industry days and conferences should generally be scheduled with at least a two week period between public notification and the actual event to allow time for travel planning and to coordinate base access. A public notice, advising of an upcoming pre-solicitation or industry day conference should be posted to the FBO website. Ensure the public notice adequately explains the visitor control process and requirement for advance notification to the PCO to allow adequate time to coordinate base and facility access for the conference attendees.

(1) The PCO, working closely with the program management team, should prepare an agenda for the conference to include handouts, briefing charts, etc., as applicable.

(2) A secretary/recorder should be assigned to ensure all exchanges and discussions are captured. Depending on the acquisition complexity, it may be prudent to have more than one individual documenting the discussions and questions and answers during the conference.

(b) As soon as possible after the conclusion of the conference, the acquisition team should meet and discuss all notes and records and conclude drafting official minutes and other conference discussion documentation. Information discussed during the conference, including answers to questions, should be shared with industry by posting it to the program website (if one has been set up), the Federal Business Opportunities (FedBizOpps (FBO)) website, or including it in a DRFP amendment, if appropriate.

### **SMC PGI 5315.3 (2.1.2.3) Draft Request for Proposals (RFP)**

Release of a draft RFP (DRFP) is strongly suggested for all competitive acquisitions. When issued in a near-final state, the DRFP offers an opportunity for industry to provide meaningful feedback on the requirements and model contract that can be considered by the acquisition team prior to the start of a source selection, possibly saving time by reducing the need for solicitation amendments. It also allows for a more open dialog with industry partners in advance of the source selection, when interaction is much more structured. Finally, it allows offerors to begin developing proposals in advance of the final RFP release, allowing the PCO to provide for a shorter window of time between final RFP release and proposal receipt. Note, however, that if the draft RFP is substantially different from the final RFP, the PCO may need provide additional time for offerors to adjust their proposals.

### **SMC PGI 5315.3 (3.5.4) Content and Documentation**

In addition to the legal review of evaluation notices (ENs) required by DoD Source Selection Procedures paragraph 3.5.4, the PCO should obtain Committee and Pricing (when applicable) review of ENs for non-Operational source selections >\$100M and Operational source selections >\$10M.

### **SMC PGI 5315.3 (4.3) Additional Guidance and Tailorable Templates**

See SMC templates on the [SMC ACE website](#).

### **SMC PGI 5315.406-3 Documenting the Negotiation**

(a) See SMC PNM templates and guidance under Sole Source Evaluation (SSE) in the [SMC/PKF Pricing Corner](#).

(a)(10) Economic analyses and other forecasting reports can be attained from Global Insight at <http://www.globalinsight.com/About/>.

(a)(11) See Determining Price Fair and Reasonable Point of Need Training.

### **USAFA PGI 5315 Contracting by Negotiation**

#### **USAFA PGI 5315.3 (1.4.1.1) SSA Appointment**

Contracting Officers should refer to the USAFA/PK authorities and delegations site concerning specific COCO designations, delegations and authorities at [https://cs2.eis.af.mil/sites/13093/PP/USAFA\\_PK/\\_layouts/15/start.aspx#/SitePages/Home.aspx](https://cs2.eis.af.mil/sites/13093/PP/USAFA_PK/_layouts/15/start.aspx#/SitePages/Home.aspx)