



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

19 AUG 1999

CONTRACTING POLICY MEMO 99-C- 04

MEMORANDUM FOR ALMAJCOM/FOA/DRU (CONTRACTING)

FROM: SAF/AQC
1060 Air Force Pentagon
Washington DC 20330-1060

SUBJECT: Interim Revision of Air Force Federal Acquisition Regulation Supplement (AFFARS) Part 5336.291, "Contract Progress Schedules and Reports for Construction Contracts" and Appendix DD (AFFARS CASE 98-17)

This memorandum changes our policies on when to require the use of the AF Form 3064, Contract Progress Schedule, in orders under construction contracts. Appropriate interim changes to AFFARS 5336.291(a) and AFFARS Appendix DD-301(e)(2) are attached.

Currently, FAR 36.515 states, "The contracting officer may insert the clause at 52.236-15, Schedules for Construction Contracts, in solicitations and contracts when a fixed-price construction contract is contemplated, the contract amount is expected to exceed the simplified acquisition threshold, and the period of actual work performance exceeds 60 days." Our current policy in AFFARS 5336.291(a) requires use of the AF Form 3064 to "...support each delivery order which establishes a continuous performance period of 60 days or more." There is no reference to dollar value of orders. AFSPC/LGC suggests that the language be changed in the AFFARS to include a dollar threshold criteria in addition to the length of the performance period.

We have considered AFSPC's request and have elected to make a change to the AFFARS language to provide additional flexibility and to streamline documentation requirements. We will leave it up to the contracting officer to decide when to use formal AF Form 3064 progress schedules for small delivery orders priced under the simplified acquisition threshold. Contractors are still entitled to payments for percentage of work completed. Where warranted, some form of abbreviated progress schedule and reporting may be used in order to determine if satisfactory progress is being achieved for payment and to base holding a retainage if satisfactory performance is not made.

AFFARS 5336.291 (a), second sentence is changed on an interim basis to read, "Use of the AF Form 3064, Contract Progress Schedule, is required for all delivery orders priced over the simplified acquisition threshold under requirements type or Indefinite Delivery/Indefinite Quantity contracts when the performance period of the order is 60 days or more. The

contracting officer may use the AF Form 3064 or an abbreviated progress schedule and method of progress reporting for delivery orders under the simplified acquisition threshold when the performance period is 60 days or more." Likewise, AFFARS Appendix DD, Para 301(e)(2), third sentence is changed to read, "Use AF Form 3064, Contract Progress Schedule, in accordance with AFFARS 5336.291(a)." These interim changes are effective immediately and will be included in the next Air Force Acquisition Circular.

Our point of contact is Maj Tim Applegate, SAF/AQC, DSN 425-7004, e-mail to Timothy.Applegate@pentagon.af.mil.



TIMOTHY A. BEYLAND
Associate Deputy Assistant
Secretary (Contracting)
Assistant Secretary (Acquisition)

Attachment:
AFFARS and Appendix DD changes

Air Force Contracting Policy Memo 99-C-

AFFARS 5336.291 - Contract Progress schedules and reports for construction contracts (OMB Approval Number 21-R0129)

(a) AF Form 3064, Contract Progress Schedule, shall be used to satisfy the requirements at clause FAR 52.236-15, Schedules for Construction Contracts. ~~Use of the form is optional in connection with requirements type contracts except that it shall be used to support each delivery order which establishes a continuous performance period of 60 days or more.~~ **[Use of the AF Form 3064 is required for all delivery orders priced over the Simplified Acquisition Threshold (SAT) under requirements type or Indefinite Delivery/Indefinite Quantity contracts when the performance period of the order is 60 days or more. The contract officer may use the AF Form 3064 or an abbreviated progress schedule and method of progress reporting for delivery orders under the SAT when the performance period is 60 days or more.]** Additional copies of the form may be used to provide for a performance period in excess of the time frame available on the form. Upon submission of the initial AF Form 3064, the contracting officer and civil engineer shall carefully evaluate the percentage of the total job assigned to each work element. Particular attention shall be devoted to those elements to be performed in the early stages of the effort to preclude overstatement that would result in an imbalance in payments and exceed the value of work performed. Work elements shall be limited to those tasks which will indicate the progress of the work and which may be readily identified and measured by personnel monitoring the contractor's progress. Normally, the percentage factors of each work element should be related to the total value of the contract. This may vary, however, depending on the percentage factor the contracting officer chooses to assign for materials stored on-site. Consideration for materials stored on-site should be limited to major high-cost items. It is not the policy of the Air Force to pay the contractor for miscellaneous low dollar value items prior to installation. Payment of materials stored off-site is generally discouraged, and is prohibited unless sound procedures are established for their accountability and control. Payments for materials in advance of installation will be substantiated with paid invoices.

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AFFARS Appendix DD-301 - Processing civil engineer project orders

(e) Delivery order negotiation.

(2) After receiving the technical evaluation from the program manager, the contracting officer conducts meeting to review the proposal with the contractor. The contracting officer, with assistance from the program manager, establishes the Government's negotiation objective, including any variations involving tasks, methodology, quantities, NPIs, and timelines. ~~If the period of performance exceeds 60 days, the contracting officer should establish specific progress reporting requirements.~~ **[Use the AF Form 3064, Contract Progress schedule, in accordance with AFFARS 5336.291(a).]** The contracting officer must ensure that the value of the DO does not exceed \$500,000 or the relative value of NPIs does not exceed ten percent of the value of the DO, unless waivers are approved. An example of a SABER cost comparison to justify waiver of the \$500,000 limitation is provided as Attachment DD-6.