cc: AQCO

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

May 4, 1999

MEMORANDUM FOR AGENCY SENIOR PROCUREMENT EXECUTIVES

FROM: Deidre A. Lee
Administrator

SUBJECT: Competition and Multiple Award Task and Delivery Order Contracts

I know that you appreciate the innovation and value that competition induces, and the opportunities which multiple award task and delivery order contracts (MACs) provide for agencies to efficiently realize these benefits. A new report issued by the Department of Defense Inspector General (report no. 99-116, dated April 2, 1999) serves as an important reminder for all agencies that MACs, particularly when used for service contracting, are effective only when they are structured, managed and administered to consistently take full advantage of the fair opportunity process. For this reason, I ask that agencies keep the following points in mind when using the MAC authority in FAR Part 16.5:

- Multiple task and delivery order contracts will not enable agencies to make effective use of competition unless there are two or more contractors that are generally capable of performing all work under the proposed contract.

- While all awardees need not be equally capable in all areas, competition will be undermined if some (or all) awardees specialize in only a few areas within the broader statement of work such that, as a matter of course, two or more awardees are not likely to compete for the work.

- In order to obtain best value, task order award decisions need to take price into consideration.

- All ordering decisions, including use of one of the exceptions to the fair opportunity process described at FAR 16.505(b)(2) or the selection of a higher priced proposal because of its greater technical merit, must be properly and adequately documented. This means that rationales must contain sufficient facts to be sound.

Please disseminate this memorandum to all agency contracting personnel and take any additional steps necessary to ensure proper intra- and inter-agency use of these important procurement vehicles. Due to the increasing amount of interagency acquisition involving the placement of orders under MACs, OMB will ask the President's Management Council to share this reminder with customers of multi-agency contracts and government-wide acquisition contracts for information technology.

I will also ask the Federal Acquisition Regulatory Council to open a case to review the sufficiency of current FAR coverage to ensure competition is used effectively and ordering decisions are appropriately documented.

I appreciate your cooperation and prompt attention to this matter.

cc: Program Managers Council