

cannot be measured until the end of the contract.

(c) The contracting officer may insert a clause substantially as stated at 1852.216-83, Fixed Price Incentive, in fixed-price-incentive solicitations and contracts utilizing firm or successive targets. For items to be subject to incentive price revision, identify the target cost, target profit, target price, and ceiling price for each item.

(d) The contracting officer shall insert the clause at 1852.216-84, Estimated Cost and Incentive Fee, in cost-plus-incentive-fee solicitations and contracts.

(e) The contracting officer may insert the clause at 1852.216-85, Estimated Cost and Award Fee, in cost-plus-award-fee solicitations and contracts. When the contract includes performance incentives, use Alternate I.

(f) Except as provided at 1816.404-276, the contracting officer shall insert a clause substantially as stated at 1852.216-88, Performance Incentive, when (1) a CPAF contract is contemplated, (2) the primary deliverable(s) is (are) hardware, and (3) total estimated cost and fee is greater than \$25 million. A clause substantially as stated at 1852.216-88 may be included in lower dollar value CPAF hardware contracts with the approval of the Procurement Officer.

[58 FR 52449, Oct. 8, 1994]

1816.505 Ordering.

The ombudsman referred to in FAR 16.505(b)(4) is the ombudsman of the installation issuing the solicitation and its resultant contract. See 48 CFR part 1815, subparts 1815.70 and 1852.215-84.

[61 FR 5314, Feb. 12, 1996]

Subpart 1816.6—Time-and-Materials, Labor-Hour, and Letter Contracts

1816.603 Letter contracts.

1816.603-2 Application.

Although there is no set format for a letter contract, certain items must be included. In addition to the clauses prescribed in FAR 16.603-4, the following information, must be included in all letter contracts:

(a) Statement of work.

(b) Delivery or performance schedule and place(s) of inspection and acceptance.

(c) A statement that no profit or fee shall be paid under the letter contract except as provided in the Termination clause (see 1815.971).

[57 FR 832, Jan. 9, 1992; 57 FR 4912, Feb. 10, 1992]

1816.603-3 Limitations.

(a) Letter contracts having an estimated definitive contract amount below the dollar thresholds specified in 1807.7102. Authority to approve the issuance of such letter contracts is delegated to the procurement officer. Each request for approval shall include the following:

(1) Proposed contractor's name and address.

(2) Location where contract is to be performed.

(3) Contract number, including modification number, if applicable.

(4) Brief description of the work or services to be performed.

(5) Performance period or delivery schedule.

(6) Amount of letter contract.

(7) Performance period of letter contract.

(8) Estimated total amount of definitive contract.

(9) Type of definitive contract to be executed.

(10) A statement that the definitive contract will contain all required clauses or that deviations have been approved.

(11) A statement as to the necessity and advantage to the Government of the proposed letter contract.

(b) Letter contracts having an estimated definitive contract amount equal to or exceeding the dollar thresholds specified in 1807.7102.

(1) Requests for authority to issue such letter contracts shall be signed by the procurement officer and submitted to the Associate Administrator for Procurement (Code HS) for approval. They shall include the information cited in paragraph (a)(1) of this section.

(2) Any modification of an undefinitized letter contract approved under paragraph (b)(1) of this section