

## SUBCHAPTER F—SPECIAL CATEGORIES OF CONTRACTING

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AUTHORITY: 41 U.S.C. 421 and 48 CFR chapter 1.

#### 234.001 Definitions.

*Systems* means a combination of elements that will function together to produce the capabilities required to fulfill a mission need.

*Systems acquisition* means the design, development, and production of new systems. It also includes modifications to existing systems that involve redesign of the systems or subsystems.

[60 FR 61598, Nov. 30, 1995]

#### 234.003 Responsibilities.

DoD 5000.1, Defense Acquisition, and DoD 5000.2-R, Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs, contain the DoD implementation of OMB Circular A-109.

[62 FR 34126, June 24, 1997]

#### 234.005 General requirements.

##### 234.005-70 Earned value management systems.

When an offeror provides an earned value management system (EVMS) plan as part of its proposal in accordance with paragraph (b) of the provision at 252.234-7000, the contracting officer shall forward a copy of the plan to the cognizant administrative contracting officer (ACO). The procuring contracting officer shall obtain the assistance of the ACO in determining the adequacy of the proposed EVMS plan.

[62 FR 9991, Mar. 5, 1997, as amended at 63 FR 11537, Mar. 9, 1998]

##### 234.005-71 Solicitation provision and contract clause.

When the Government requires contractor compliance with DoD earned value management system criteria—

(a) Use the provision at 252.234-7000, Notice of Earned Value Management System, in solicitations; and

(b) Use the clause at 252.234-7001, Earned Value Management System, in solicitations and contracts.

[62 FR 9991, Mar. 5, 1997; 62 FR 11953, Mar. 13, 1997]

### PART 235—RESEARCH AND DEVELOPMENT CONTRACTING

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## 235.001

AUTHORITY: 41 U.S.C. 421 and 48 CFR chapter 1.

SOURCE: 56 FR 36416, July 31, 1991, unless otherwise noted.

### 235.001 Definitions.

“Research and development” means those efforts described by the Research, Development, Test, and Evaluation (RDT&E) budget activity definitions found in the DoD Financial Management Regulation (DoD 7000.14-R), Volume 2B, Chapter 5.

[65 FR 32040, May 22, 2000]

### 235.006 Contracting methods and contract type.

(b)(i) Do not award a fixed-price type contract for a development program effort unless—

(A) The level of program risk permits realistic pricing;

(B) The use of a fixed-price type contract permits an equitable and sensible allocation of program risk between the Government and the contractor; and

(C) A written determination that the criteria of paragraphs (b)(i)(A) and (B) of this section have been met is executed—

(1) By the Under Secretary of Defense (Acquisition, Technology, and Logistics) (USD(AT&L)) for—

(i) Research and development for non-major systems, if the contract is over \$25 million;

(ii) The lead ship of a class; or

(iii) The development of a major system (as defined in FAR 2.101) or subsystem thereof, if the contract is over \$25 million; or

(2) By the contracting officer for any development not covered by paragraph (b)(i)(C)(1) of this section.

(ii) Obtain USD (AT&L) approval of the Government’s prenegotiation position before negotiations begin, and obtain USD (AT&L) approval of the negotiated agreement with the contractor before the agreement is executed, for any action that is—

(A) An increase of more than \$250 million in the price or ceiling price of a fixed-price type development contract, or a fixed-price type contract for the lead ship of a class;

(B) A reduction in the amount of work under a fixed-price type development contract or a fixed-price type

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contract for the lead ship of a class, when the value of the work deleted is \$100 million or more; or

(C) A repricing of fixed-price type production options to a development contract, or a contract for the lead ship of a class, that increases the price or ceiling price by more than \$250 million for equivalent quantities.

(iii) Notify the USD (AT&L) of an intent not to exercise a fixed-price production option on a development contract for a major weapon system reasonably in advance of the expiration of the option exercise period.

[64 FR 18830, Apr. 16, 1999; 64 FR 48459, Sept. 3, 1999, as amended at 65 FR 39706, June 27, 2000]

### 235.006–70 Manufacturing Technology Program.

In accordance with 10 U.S.C. 2525(d), for acquisitions under the Manufacturing Technology Program—

(a) Award all contracts using competitive procedures; and

(b) Include in all solicitations an evaluation factor that addresses the extent to which offerors propose to share in the cost of the project (see FAR 15.304).

[65 FR 2058, Jan. 13, 2000]

### 235.007 Solicitations.

(g) To ensure that prospective offerors fully understand the details of the work, the contracting officer may include the Government’s estimate of the man-year effort under a research contract.

### 235.010 Scientific and technical reports.

(b) The Defense Technical Information Center (DTIC) is responsible for collecting all scientific or technological observations, findings, recommendations, and results derived from DoD endeavors, including both in-house and contracted efforts. The DTIC has eligibility and registration requirements for use of its services. Requests for eligibility and registration information should be addressed to DTIC-BCS, 8725 John J. Kingman Road, Suite 0944, Fort Belvoir, VA 22060-0944.

[60 FR 29500, June 5, 1995, as amended at 62 FR 34126, June 24, 1997]

**235.015 Contracts for research with educational institutions and non-profit organizations.**

- (b) *Basic agreements.*
- (3) When using a basic agreement—
  - (i) Incorporate it by reference in section I of the contract; and
  - (ii) Incorporate any special clause requirements in section H.

[59 FR 27673, May 27, 1994]

**235.015-70 Special use allowances for research facilities acquired by educational institutions.**

- (a) *Definitions.* As used in this subsection—
  - (1) *Research facility* means—
    - (i) Real property, other than land; and
    - (ii) Includes structures, alterations, and improvements, acquired for the purpose of conducting scientific research under contracts with departments and agencies of the DoD.
  - (2) *Special use allowance* means a negotiated direct or indirect allowance—
    - (i) For construction or acquisition of buildings, structures, and real property, other than land; and
    - (ii) Where the allowance is computed at an annual rate exceeding the rate which normally would be allowed under FAR subpart 31.3.
  - (b) *Policy.* (1) Educational institutions are to furnish the facilities necessary to perform Defense contracts. FAR 31.3 governs how much the Government will reimburse the institution for the research programs. However, in extraordinary situations, the Government may give special use allowances to an educational institution when the institution is unable to provide the capital for new laboratories or expanded facilities needed for Defense contracts.
    - (2) Decisions to provide a special use allowance must be made on a case-by-case basis, using the criteria in paragraph (c) of this subsection.
  - (c) *Authorization for special use allowance.* The head of a contracting activity may approve special use allowances only when all of the following conditions are met—
    - (1) The research facility is essential to the performance of DoD contracts;
    - (2) Existing facilities, either Government or nongovernment, cannot meet

- program requirements practically or effectively;
- (3) The proposed agreement for special use allowances is a sound business arrangement;
- (4) The Government's furnishing of Government-owned facilities is undesirable or impractical; and
- (5) The proposed use of the research facility is to conduct essential Government research which requires the new or expanded facilities.
- (d) *Application of the special use allowance.* (1) In negotiating a special use allowance—
  - (i) Compare the needs of DoD and of the institution for the research facility to determine the amount of the special use allowance;
  - (ii) Consider rental costs for similar space in the area where the research facility is or will be located to establish the annual special use allowance;
  - (iii) Do not include or allow—
    - (A) The costs of land; or
    - (B) Interest charges on capital;
  - (iv) Do not include maintenance, utilities, or other operational costs;
  - (v) The period of allowance generally will be—
    - (A) At least ten years; or
    - (B) A shorter period if the total amount to be allowed is less than the construction or acquisition cost for the research facility;
  - (vi) Generally, provide for allocation of the special use allowance equitably among the Government contracts using the research facility;
  - (vii) Special use allowances apply only in the years in which the Government has contracts in effect with the institution. However, if in any given year there is a reduced level of Government research effort which results in the special use allowance being excessive compared to the Government research funding, a separate special use allowance may be negotiated for that year;
  - (viii) Special use allowances may be adjusted for the period before construction is complete if the facility is partially occupied and used for Government research during that period.
- (2) A special use allowance may be based on either total or partial cost of construction or acquisition of the research facility.

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(i) When based on total cost neither the normal use allowance nor depreciation will apply—

(A) During the special use allowance period; and

(B) After the educational institution has recovered the total construction or acquisition cost from the Government or other users.

(ii) When based on partial cost, normal use allowance and depreciation—

(A) Apply to the balance of costs during the special use allowance period to the extent negotiated in the special use allowance agreement; and

(B) Do not apply after the special use allowance period, except for normal use allowance applied to the balance.

(3) During the special use allowance period, the research facility—

(i) Shall be available for Government research use on a priority basis over nongovernment use; and

(ii) Cannot be put to any significant use other than that which justified the special use allowance, unless the head of the contracting activity, who approved the special use allowance, consents.

(4) The Government will pay only an allocable share of the special use allowance when the institution makes any substantial use of the research facility for parties other than the Government during the period when the special use allowance is in effect.

(5) In no event shall the institution be paid more than the acquisition costs.

[56 FR 36416, July 31, 1991, as amended at 60 FR 29500, June 5, 1995]

**235.016 Broad agency announcement.**

To help achieve the goals of Section 1207 of Public Law 99-661 (see part 226), contracting officers shall—

(1) Whenever practicable, reserve discrete or severable areas of research interest contained in broad agency announcements for exclusive competition among historically black colleges and universities and minority institutions;

(2) Indicate such reservation—

(i) In the broad agency announcement; and

(ii) In the announcement synopsis (see 205.207(d)(v)).

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**235.017 Federally Funded Research and Development Centers.**

(a) *Policy.*

(2) No DoD fiscal year 1992 or later funds may be obligated or expended to finance activities of a DoD Federally Funded Research and Development Center (FFRDC) if a member of its board of directors or trustees simultaneously serves on the board of directors or trustees of a profit-making company under contract to DoD, unless the FFRDC has a DoD-approved conflict of interest policy for its members (section 8107 of Pub. L. 102-172 and similar sections in subsequent Defense appropriations acts).

[58 FR 28471, May 13, 1993]

**235.017-1 Sponsoring agreements.**

(c)(4) DoD-sponsoring FFRDCs that function primarily as research laboratories (C3I Laboratory operated by the Institute for Defense Analysis, Lincoln Laboratory operated by Massachusetts Institute of Technology, and Software Engineering Institute) may respond to solicitations and announcements for programs which promote research, development, demonstration, or transfer of technology (Section 217, Public Law 103-337).

[60 FR 61598, Nov. 30, 1995]

**235.070 Indemnification against unusually hazardous risks.**

**235.070-1 Indemnification under research and development contracts.**

(a) Under 10 U.S.C. 2354, and if authorized by the Secretary concerned, contracts for research and/or development may provide for indemnification of the contractor or subcontractors for—

(1) Claims by third persons (including employees) for death, bodily injury, or loss of or damage to property; and

(2) Loss of or damage to the contractor's property to the extent that the liability, loss, or damage—

(i) Results from a risk that the contract defines as "unusually hazardous;"

(ii) Arises from the direct performance of the contract; and

(iii) Is not compensated by insurance or other means.

(b) Clearly define the specific unusually hazardous risks to be indemnified. Submit this definition for approval with the request for authorization to grant indemnification. Include the approved definition in the contract.

[56 FR 36416, July 31, 1991, as amended at 64 FR 51076, Sept. 21, 1999]

**235.070-2 Indemnification under contracts involving both research and development and other work.**

These contracts may provide for indemnification under the authority of both 10 U.S.C. 2354 and Public Law 85-804. Public Law 85-804 will apply only to work to which 10 U.S.C. 2354 does not apply. Actions under Public Law 85-804 must also comply with FAR subpart 50.4.

**235.070-3 Contract clauses.**

When the contractor is to be indemnified in accordance with 235.070-1, use either—

(a) The clause at 252.235-7000, Indemnification Under 10 U.S.C. 2354—Fixed Price; or

(b) The clause at 252.235-7001, Indemnification Under 10 U.S.C. 2354—Cost-Reimbursement, as appropriate.

**235.071 Additional contract clauses.**

(a) Use the clause at 252.235-7002, Animal Welfare, or one substantially the same, in solicitations and contracts awarded in the United States, its possessions, and Puerto Rico involving research on live vertebrate animals.

(b) Use the clause at 252.235-7003, Frequency Authorization, in solicitations and contracts for developing, producing, constructing, testing, or operating a device requiring a frequency authorization.

(c) Use the clause at 252.235-7010, Acknowledgement of Support and Disclaimer, in solicitations and contracts for research and development.

(d) Use the clause at 252.235-7011, Final Scientific or Technical Report, in solicitations and contracts for research and development.

[56 FR 36416, July 31, 1991, as amended at 60 FR 29500, June 5, 1995]

**Subpart 235.70—Research and Development Streamlined Contracting Procedures**

SOURCE: 63 FR 34605, June 25, 1998, unless otherwise noted.

**235.7000 Scope.**

This subpart prescribes streamlined procedures for acquiring research and development, using a standard solicitation and contract format and the capabilities of the World Wide Web.

**235.7001 Definitions.**

As used in this subpart—

(a) *Research and development streamlined contract (RDSC)* means—

(1) A contract that results from use of the research and development streamline solicitation; or

(2) Any other contract prepared in the standard format published at the RDSS/C website.

(b) *Research and development streamlined solicitation (RDSS)* means a solicitation issued in accordance with 235.7003.

(c) *RDSS/C website* means the site on the World Wide Web at <http://www.rdss.osd.mil/>; where research and development streamlined solicitation and contracting information is published.

**235.7002 Applicability.**

(a) Except as provided in paragraph (b) of this section, consider using the procedures in this subpart for acquisitions that—

(1) Will result in the award of a cost-reimbursement contract; and

(2) Meet the criteria for research and development as defined in 235.001 and FAR 35.001.

(b) Do not use the procedures in this subpart for—

(1) Contracts to be performed outside the United States and Puerto Rico;

(2) Contracts denominated in other than U.S. dollars;

(3) Acquisitions using simplified acquisition procedures;

(4) Acquisition of engineering and manufacturing development, management support, or operational system development, as defined in 235.001; or

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(5) Acquisition of laboratory supplies and equipment, base support services, or other services identified in paragraphs (a) through (h) of the definition of "service contract" at FAR 37.101.

(c) Regardless of whether the RDSS is used, the RDSC may be used for any acquisition that meets the criteria in paragraph (a) of this section.

### **235.7003 Research and development streamlined solicitation and contract.**

#### **235.7003-1 General.**

The procedures and standard format are published at the RDSS/C website. The RDSS/C Managing Committee is responsible for updating the website.

#### **235.7003-2 RDSS process.**

(a) *Synopsis.* The synopsis required by FAR 5.203 shall include—

(1) The information required by FAR 5.207; and

(2) A statement that the solicitation will be issued in the research and development streamlined solicitation format shown at the RDSS/C Web site.

(b) *Solicitation.*

(1) The solicitation, to be made available consistent with the requirements of FAR 5.102—

(i) Shall be in the format shown at the RDSS/C Web site;

(ii) Shall include the applicable version number of the RDSS standard format; and

(iii) Shall incorporate by reference the appropriate terms and conditions of the RDSS standard format.

(2) To encourage preparation of better cost proposals, consider allowing a delay between the due dates for technical and cost proposals.

[67 FR 20699, Apr. 26, 2002]

#### **235.7003-3 Proposal evaluation and contract award.**

(a) Evaluate proposals in accordance with the evaluation factors set forth in the RDSS.

(b) *RDSC.* (1) The RDSC shall include—

(i) Standard Form (SF) 33, Solicitation, Offer and Award, or SF 26, Award/Contract; and

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(ii) Sections B through J of the RDSS or other solicitation, with applicable fill-in information inserted.

(2) When an RDSC is awarded to an educational or nonprofit institution—

(i) Remove provisions and clauses that do not apply to educational or nonprofit institutions; and

(ii) As necessary, insert appropriate replacement provisions and clauses.

### **235.7003-4 Additional provisions and clauses.**

Use of FAR and DFRAS provisions and clauses, and nonstandard provisions and clauses approved for agency use, that are not in the RDSS/C standard format, shall be approved in accordance with agency procedures.

## **PART 236—CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS**

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