

EXHIBIT A

**THIS EXHIBIT HAS BEEN
REDACTED IN ITS ENTIRETY**

EXHIBIT B

35.000 Scope of part.

(a) This part prescribes policies and procedures of special application to research and development (R&D) contracting.

(b) R&D integral to acquisition of major systems is covered in Part 34. Independent research and development (IR&D) is covered at 31.205-18.

35.001 Definitions.

“Applied research” means the effort that (a) normally follows basic research, but may not be severable from the related basic research; (b) attempts to determine and exploit the potential of scientific discoveries or improvements in technology, materials, processes, methods, devices, or techniques; and (c) attempts to advance the state of the art. When being used by contractors in cost principle applications, this term does not include efforts whose principal aim is the design, development, or testing of specific items or services to be considered for sale; these efforts are within the definition of “development,” given below.

“Development,” as used in this part, means the systematic use of scientific and technical knowledge in the design, development, testing, or evaluation of a potential new product or service (or of an improvement in an existing product or service) to meet specific performance requirements or objectives. It includes the functions of design engineering, prototyping, and engineering testing; it excludes subcontracted technical effort that is for the sole purpose of developing an additional source for an existing product.

“Recoupment,” as used in this part, means the recovery by the Government of Government-funded nonrecurring costs from contractors that sell, lease, or license the resulting products or technology to buyers other than the Federal Government.

35.002 General.

The primary purpose of contracted R&D programs is to advance scientific and technical knowledge and apply that knowledge to the extent necessary to achieve agency and national goals. Unlike contracts for supplies and services, most R&D contracts are directed toward objectives for which the work or methods cannot be precisely described in advance. It is difficult to judge the probabilities of success or required effort for technical approaches, some of which offer little or no early assurance of full success. The contracting process shall be used to encourage the best sources from the scientific and industrial community to become involved in the program and must provide an environment in which the work can be pursued with reasonable flexibility and minimum administrative burden.

35.003 Policy.

(a) *Use of contracts.* Contracts shall be used only when the principal purpose is the acquisition of supplies or services for the direct benefit or use of the Federal Government. Grants or

cooperative agreements should be used when the principal purpose of the transaction is to stimulate or support research and development for another public purpose.

(b) *Cost sharing.* Cost sharing policies (which are not otherwise required by law) under Government contracts shall be in accordance with 16.303, 42.707(a) and agency procedures.

(c) *Recoupment.* Recoupment not otherwise required by law shall be in accordance with agency procedures.

35.004 Publicizing requirements and expanding research and development sources.

(a) In order to obtain a broad base of the best contractor sources from the scientific and industrial community, agencies must, in addition to following the requirements of Part 5, continually search for and develop information on sources (including small business concerns) competent to perform R&D work. These efforts should include—

- (1) Early identification and publication of agency R&D needs and requirements, including publicizing through the Governmentwide point of entry (GPE) (see Part 5);
- (2) Cooperation among technical personnel, contracting officers, and Government small business personnel early in the acquisition process; and
- (3) Providing agency R&D points of contact for potential sources.

(b) See Subpart 9.7 for information regarding R&D pools and Subpart 9.6 for teaming arrangements.

35.005 Work statement.

(a) A clear and complete work statement concerning the area of exploration (for basic research) or the end objectives (for development and applied research) is essential. The work statement should allow contractors freedom to exercise innovation and creativity. Work statements must be individually tailored by technical and contracting personnel to attain the desired degree of flexibility for contractor creativity and the objectives of the R&D.

(b) In basic research the emphasis is on achieving specified objectives and knowledge rather than on achieving predetermined end results prescribed in a statement of specific performance characteristics. This emphasis applies particularly during the early or conceptual phases of the R&D effort.

(c) In reviewing work statements, contracting officers should ensure that language suitable for a level-of-effort approach, which requires the furnishing of technical effort and a report on the results, is not intermingled with language suitable for a task-completion approach, which often requires the development of a tangible end item designed to achieve specific performance characteristics. The wording of the work statement should also be consistent with the type and form of contract to be negotiated (see 16.207 and 16.306(d)). For example, the work statement for a cost-reimbursement contract promising the contractor's best efforts for a fixed term would be phrased differently than a work statement for a cost-reimbursement completion contract

promising the contractor's best efforts for a defined task. Differences between work statements for fixed-price contracts and cost-reimbursement contracts should be even clearer.

(d) In preparing work statements, technical and contracting personnel shall consider and, as appropriate, provide in the solicitation---

- (1) A statement of the area of exploration, tasks to be performed, and objectives of the research or development effort;
- (2) Background information helpful to a clear understanding of the objective or requirement (*e.g.*, any known phenomena, techniques, methodology, or results of related work);
- (3) Information on factors such as personnel, environment, and interfaces that may constrain the results of the effort;
- (4) Reporting requirements and information on any additional items that the contractor is required to furnish (at specified intervals) as the work progresses;
- (5) The type and form of contract contemplated by the Government and, for level-of-effort work statements, an estimate of applicable professional and technical effort involved; and
- (6) Any other considerations peculiar to the work to be performed; for example, any design-to-cost requirements.

35.006 Contracting methods and contract type.

(a) In R&D acquisitions, the precise specifications necessary for sealed bidding are generally not available, thus making negotiation necessary. However, the use of negotiation in R&D contracting does not change the obligation to comply with Part 6.

(b) Selecting the appropriate contract type is the responsibility of the contracting officer. However, because of the importance of technical considerations in R&D, the choice of contract type should be made after obtaining the recommendations of technical personnel. Although the Government ordinarily prefers fixed-price arrangements in contracting, this preference applies in R&D contracting only to the extent that goals, objectives, specifications, and cost estimates are sufficient to permit such a preference. The precision with which the goals, performance objectives, and specifications for the work can be defined will largely determine the type of contract employed. The contract type must be selected to fit the work required.

(c) Because the absence of precise specifications and difficulties in estimating costs with accuracy (resulting in a lack of confidence in cost estimates) normally precludes using fixed-price contracting for R&D, the use of cost-reimbursement contracts is usually appropriate (see Subpart 16.3). The nature of development work often requires a cost-reimbursement completion arrangement (see 16.306(d)). When the use of cost and performance incentives is desirable and practicable, fixed-price incentive and cost-plus-incentive-fee contracts should be considered in that order of preference.

(d) When levels of effort can be specified in advance, a short-duration fixed-price contract may be useful for developing system design concepts, resolving potential problems, and reducing Government risks. Fixed-price contracting may also be used in minor projects when the objectives of the research are well defined and there is sufficient confidence in the cost estimate for price negotiations. (See 16.207.)

(e) Projects having production requirements as a follow-on to R&D efforts normally should progress from cost-reimbursement contracts to fixed-price contracts as designs become more firmly established, risks are reduced, and production tooling, equipment, and processes are developed and proven. When possible, a final commitment to undertake specific product development and testing should be avoided until—

(1) Preliminary exploration and studies have indicated a high degree of probability that development is feasible and

(2) The Government has determined both its minimum requirements and desired objectives for product performance and schedule completion.

35.007 Solicitations.

(a) The submission and subsequent evaluation of an inordinate number of R&D proposals from sources lacking appropriate qualifications is costly and time-consuming to both industry and the Government. Therefore, contracting officers should initially distribute solicitations only to sources technically qualified to perform research or development in the specific field of science or technology involved. Cognizant technical personnel should recommend potential sources that appear qualified, as a result of —

(1) Present and past performance of similar work;

(2) Professional stature and reputation;

(3) Relative position in a particular field of endeavor;

(4) Ability to acquire and retain the professional and technical capability, including facilities, required to perform the work; and

(5) Other relevant factors.

(b) Proposals generally shall be solicited from technically qualified sources, including sources that become known as a result of synopses or other means of publicizing requirements. If it is not practicable to initially solicit all apparently qualified sources, only a reasonable number need be solicited. In the interest of competition, contracting officers shall furnish copies of the solicitation to other apparently qualified sources.

(c) Solicitations shall require offerors to describe their technical and management approach, identify technical uncertainties, and make specific proposals for the resolution of any uncertainties. The solicitation should require offerors to include in the proposal any planned subcontracting of scientific or technical work (see 35.009).

(d) Solicitations may require that proposals be organized so that the technical portions can be efficiently evaluated by technical personnel (see 15.204-5(b)). Solicitation and evaluation of proposals should be planned to minimize offerors' and Government expense.

(e) R&D solicitations should contain evaluation factors to be used to determine the most technically competent (see 15.304), such as—

- (1) The offeror's understanding of the scope of the work;
- (2) The approach proposed to accomplish the scientific and technical objectives of the contract or the merit of the ideas or concepts proposed;
- (3) The availability and competence of experienced engineering, scientific, or other technical personnel;
- (4) The offeror's experience;
- (5) Pertinent novel ideas in the specific branch of science and technology involved; and
- (6) The availability, from any source, of necessary research, test, laboratory, or shop facilities.

(f) In addition to evaluation factors for technical competence, the contracting officer shall consider, as appropriate, management capability (including cost management techniques), experience and past performance, subcontracting practices, and any other significant evaluation criteria (e.g., unrealistically low cost estimates in proposals for cost-reimbursement or fixed-price incentive contracts). Although cost or price is not normally the controlling factor in selecting a contractor to perform R&D, it should not be disregarded in arriving at a selection that best satisfies the Government's requirement at a fair and reasonable cost.

(g) The contracting officer should ensure that potential offerors fully understand the details of the work, especially the Government interpretation of the work statement. If the effort is complex, the contracting officer should provide potential offerors an opportunity to comment on the details of the requirements as contained in the work statement, the contract Schedule, and any related specifications. This may be done at a preproposal conference (see 15.201).

(h) If it is appropriate to do so, solicitations should permit offerors to propose an alternative contract type (see 16.103).

(i) In circumstances when a concern has a new idea or product to discuss that incorporates the results of independent R&D work funded by the concern in the private sector and is of interest to the Government, there should be no hesitancy to discuss it; however, the concern should be warned that the Government will not be obligated by the discussion. Under such circumstances, it may be appropriate to negotiate directly with the concern without competition. Also, see Subpart 15.6 concerning unsolicited proposals.

(j) The Government may issue an exploratory request to determine the existence of ideas or prior work in a specific field of research. Any such request shall clearly state that it does not impose any obligation on the Government or signify a firm intention to enter into a contract.

35.008 Evaluation for award.

(a) Generally, an R&D contract should be awarded to that organization, including any educational institution, that proposes the best ideas or concepts and has the highest competence in the specific field of science or technology involved. However, an award should not be made to obtain capabilities that exceed those needed for successful performance of the work.

(b) In R&D contracting, precise specifications are ordinarily not available. The contracting officer should therefore take special care in reviewing the solicitation

evaluation factors to assure that they are properly presented and consistent with the solicitation.

(c) When a small business concern would otherwise be selected for award but is considered not responsible, the SBA Certificate of Competency procedure shall be

followed (see Subpart 19.6).

(d) The contracting officer should use the procedures in Subpart 15.5 to notify and debrief offerors.

(e) It is important to evaluate a proposed contractor's cost or price estimate, not only to determine whether the estimate is reasonable but also to provide valuable insight into the offeror's understanding of the project, perception of risks, and ability to organize and perform the work. Cost or price analysis, as appropriate (see 15.404-1(c)), is a useful tool.

35.009 Subcontracting research and development effort.

Since the selection of R&D contractors is substantially based on the best scientific and technological sources, it is important that the contractor not subcontract technical or scientific work without the contracting officer's advance knowledge. During the negotiation of a cost-reimbursement R&D contract, the contracting officer shall obtain complete information concerning the contractor's plans for subcontracting any portion of the experimental, research, or development effort (see also 35.007(c)).

Also, when negotiating a fixed-price contract, the contracting officer should evaluate this information and may obtain an agreement that protects the Government's interests. The clause at 52.244-2, Subcontracts, prescribed for certain types of contracts at 44.204(a), requires the contracting officer's prior approval for the placement of certain subcontracts.

35.010 Scientific and technical reports.

(a) R&D contracts shall require contractors to furnish scientific and technical reports, consistent with the objectives of the effort involved, as a permanent record of the work accomplished under the contract.

(b) Agencies should make R&D contract results available to other Government activities and the private sector. Contracting officers shall follow agency regulations regarding such matters as national security, protection of data, and new-technology dissemination policy. Reports should be sent to the—

National Technical Information Service (NTIS)

5285 Port Royal Road

Springfield, VA 22161.

When agencies require that completed reports be covered by a report documentation page, Standard Form (SF) 298, Report Documentation Page, the contractor should submit a copy with the report.

35.011 Data.

(a) R&D contracts shall specify the technical data to be delivered under the contract, since the data clauses required by Part 27 do not require the delivery of any such data.

(b) In planning a developmental program when subsequent production contracts are contemplated, consideration should be given to the need and time required to obtain a technical package (plans, drawings, specifications, and other descriptive information) that can be used to achieve competition in production contracts. In some situations, the developmental contractor may be in the best position to produce such a technical package.

35.012 Patent rights.

For a discussion of patent rights, see agency regulations and Part 27.

35.013 Insurance.

Nonprofit, educational, or State institutions performing cost-reimbursement contracts often do not carry insurance. They may claim immunity from liability for torts, or, as State institutions, they may be prohibited by State law from expending funds for insurance. When this is the case, see 28.311 for appropriate clause coverage.

35.014 Government property and title.

(a) The requirements in Part 45 for establishing and maintaining control over Government property apply to all R&D contracts.

(b) In implementing 31 U.S.C. 6306, and unless an agency head provides otherwise, the policies in paragraphs (1) through (4) following, regarding title to equipment (and other tangible personal property) purchased by the contractor using Government funds provided for the conduct of basic or applied scientific research, apply to contracts with nonprofit institutions of higher education and nonprofit organizations whose primary purpose is the conduct of scientific research:

(1) If the contractor obtains the contracting officer's advance approval, the contractor shall automatically acquire and retain title to any item of equipment costing less than \$5,000 (or a lesser amount established by agency regulations) acquired on a reimbursable basis.

(2) If purchased equipment costs \$5,000 (or a lesser amount established by agency regulations) or more, and as the parties specifically agree in the contract, title may—

(i) Vest in the contractor upon acquisition without further obligation to the Government;

(ii) Vest in the contractor, subject to the Government's right to direct transfer of the title to the Government or to a third party within 12 months after the

contract's completion or termination (transfer of title to the Government or third party shall not be the basis for any claim by the contractor); or

(iii) Vest in the Government, if the contracting officer determines that vesting of title in the contractor would not further the objectives of the agency's research program.

(3) If title to equipment is vested in the contractor, depreciation, amortization, or use charges are not allowable with respect to that equipment under any existing or future Government contract or subcontract.

(4) If the contract is performed at a Government installation and there is a continuing need for the equipment following contract completion, title need not be transferred to the contractor.

(c) The absence of an agreement covering title to equipment acquired by the contractor with Government funds that cost \$1,000 or more does not limit an agency's right to act to vest title in a contractor as authorized by 31 U.S.C. 6306.

(d)(1) Vesting title under paragraph (b) of this section is subject to civil rights legislation, 42 U.S.C. 2000d. Before title is vested, the contractor must agree that—

“No person in the United States or its outlying areas shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this contemplated financial assistance (title to equipment).”

(2) By signing the contract, the contractor accepts and agrees to comply with this requirement.

(e) The policies in paragraphs (b)(1) through (b)(3) and paragraph (d) of this section are implemented in the Government property clauses (Alternate II of the clause at 52.245-2, Government Property (Fixed-Price Contracts); Alternate I of the clause at 52.245-5, Government Property (Cost-Reimbursement, Time-and-Material, or Labor- Hour Contracts); Alternate I of the clause at 52.245-11, Government Property (Facilities Use); and the clause at 52.245-15, Transfer of Title to the Facilities, which are prescribed in Part 45 (at 45.106 for fixed-price and cost-reimbursement contracts and at 45.302-6 and 45.302-7 for facilities contracts).

35.015 Contracts for research with educational institutions and nonprofit organizations.

(a) General.

(1) When the R&D work is not defined precisely and the contract states only a period during which work is conducted (that is, a specific time for achievement of results is not required), research contracts with educational institutions and nonprofit organizations shall—

(i) State that the contractor bears primary responsibility for the research;

(ii) Give—

(A) The name of the principal investigator (or project leader), if the decision to contract is based on that particular individual's research effort and management capabilities; and

(B) The contractor's estimate of the amount of time that individual will devote to the work;

(iii) Provide that the named individual shall be closely involved and continuously responsible for the conduct of the work;

(iv) Provide that the contractor must obtain the contracting officer's approval to change the principal investigator (or project leader);

(v) Require that the contractor advise the contracting officer if the principal investigator (or project leader) will, or plans to, devote substantially less effort to the work than anticipated; and

(vi) Require that the contractor obtain the contracting officer's approval to change the phenomenon under study, the stated objectives of the research, or the methodology.

(2) If a research contract does provide precise objectives or a specific date for achievement of results, the contracting officer may include in the contract the requirements set forth in paragraph

(a)(1) of this section, if it is necessary for the Government to exercise oversight and approval over the avenues of approach, methods,

or schedule of work.

(b) Basic agreements.

(1) A basic agreement should be negotiated if the number of contracts warrants such an agreement (see 16.702). Basic agreements should be reviewed and updated at least annually.

(2) To promote uniformity and consistency in dealing with educational institutions and nonprofit organizations, agencies are encouraged to use basic agreements of other agencies.

35.016 Broad agency announcement.

(a) *General.* This paragraph prescribes procedures for the use of the broad agency announcement (BAA) with Peer or Scientific Review (see 6.102(d)(2)) for the acquisition of basic and applied research and that part of development not related to the development of a specific system or hardware procurement. BAA's may be used by agencies to fulfill their requirements for scientific study and experimentation directed toward advancing the state-of-the-art or increasing knowledge or understanding rather than focusing on a specific system or hardware solution. The BAA technique shall only be used when meaningful proposals with varying technical/scientific approaches can be reasonably anticipated.

(b) The BAA, together with any supporting documents, shall—

(1) Describe the agency's research interest, either for an individual program requirement or for broadly defined areas of interest covering the full range of the agency's requirements;

(2) Describe the criteria for selecting the proposals, their relative importance, and the method of evaluation;

(3) Specify the period of time during which proposals submitted in response to the BAA will be accepted; and

(4) Contain instructions for the preparation and submission of proposals.

(c) The availability of the BAA must be publicized through the Government wide point of entry (GPE) and, if authorized pursuant to Subpart 5.5, may also be published in noted scientific, technical, or engineering periodicals. The notice must be published no less frequently than annually.

(d) Proposals received as a result of the BAA shall be evaluated in accordance with evaluation criteria specified therein through a peer or scientific review process. Written evaluation reports on individual proposals will be necessary but proposals need not be evaluated against each other since they are not submitted in accordance with a common work statement.

(e) The primary basis for selecting proposals for acceptance shall be technical, importance to agency programs, and fund availability. Cost realism and reasonableness shall also be considered to the extent appropriate.

(f) Synopsis under Subpart 5.2, Synopses of Proposed Contract Actions, of individual contract actions based upon proposals received under the BAA is not required. The notice published pursuant to paragraph (c) of this section fulfills the synopsis requirement.

35.017 Federally Funded Research and Development Centers.

(a) Policy.

(1) This section sets forth Federal policy regarding the establishment, use, review, and termination of Federally Funded Research and Development Centers (FFRDC's) and related sponsoring agreements.

(2) An FFRDC meets some special long-term research or development need which cannot be met as effectively by existing in-house or contractor resources. FFRDC's enable agencies to use private sector resources to accomplish tasks that are integral to the mission and operation of the sponsoring agency. An FFRDC, in order to discharge its responsibilities to the sponsoring agency, has access, beyond that which is common to the normal contractual relationship, to Government and supplier data, including sensitive and proprietary data, and to employees and facilities. The FFRDC is required to conduct its business in a manner befitting its special relationship with the Government, to operate in the public interest with objectivity and independence, to be free from organizational conflicts of interest, and to have full disclosure of its affairs to the sponsoring agency. It is not the Government's intent that an FFRDC use its privileged information or access to facilities to compete with the private sector. However, an FFRDC may perform work for other than the sponsoring agency under the Economy Act, or other applicable legislation, when the work is not otherwise available from the private sector.

(3) FFRDC's are operated, managed, and/or administered by either a university or consortium of universities, other not-for-profit or nonprofit organization, or an industrial firm, as an autonomous organization or as an identifiable separate operating unit of a parent organization.

(4) Long-term relationships between the Government and FFRDC's are encouraged in order to provide the continuity that will attract high-quality personnel to the FFRDC. This relationship should be of a type to encourage the FFRDC to maintain currency in its field(s) of expertise, maintain its objectivity and independence, preserve its familiarity with the needs of its sponsor(s), and provide a quick response capability.

(b) *Definitions.* As used in this section—

“Nonsponsor” means any other organization, in or outside of the Federal Government, which funds specific work to be performed by the FFRDC and is not a party to the sponsoring agreement.

“Primary sponsor” means the lead agency responsible for managing, administering, or monitoring overall use of the FFRDC under a multiple sponsorship agreement.

“Sponsor” means the executive agency which manages, administers, monitors, funds, and is responsible for the overall use of an FFRDC. Multiple agency sponsorship is possible as long as one agency agrees to act as the “primary sponsor.” In the event of multiple sponsors, “sponsor” refers to the primary sponsor.

35.017-1 Sponsoring agreements.

(a) In order to facilitate a long-term relationship between the Government and an FFRDC, establish the FFRDC's mission, and ensure a periodic reevaluation of the FFRDC, a written

agreement of sponsorship between the Government and the FFRDC shall be prepared when the FFRDC is established. The sponsoring agreement may take various forms; it may be included in a contract between the Government and the FFRDC, or in another legal instrument under which an FFRDC accomplishes effort, or it may be in a separate written agreement. Notwithstanding its form, the sponsoring agreement shall be clearly designated as such by the sponsor.

(b) While the specific content of any sponsoring agreement will vary depending on the situation, the agreement shall contain, as a minimum, the requirements of paragraph (c) of this subsection. The requirements for, and the contents of, sponsoring agreements may be as further specified in sponsoring agencies' policies and procedures.

(c) As a minimum, the following requirements must be addressed in either a sponsoring agreement or sponsoring agencies' policies and procedures:

(1) A statement of the purpose and mission of the FFRDC.

(2) Provisions for the orderly termination or nonrenewal of the agreement, disposal of assets, and settlement of liabilities. The responsibility for capitalization of an FFRDC must be defined in such a manner that ownership of assets may be readily and equitably determined upon termination of the FFRDC's relationship with its sponsor(s).

(3) A provision for the identification of retained earnings (reserves) and the development of a plan for their use and disposition.

(4) A prohibition against the FFRDC competing with any non-FFRDC concern in response to a Federal agency request for proposal for other than the operation of an FFRDC. This prohibition is not required to be applied to any parent organization or other subsidiary of the parent organization in its non-FFRDC operations. Requests for information, qualifications or capabilities can be answered unless otherwise restricted by the sponsor.

(5) A delineation of whether or not the FFRDC may accept work from other than the sponsor(s). If nonsponsor work can be accepted, a delineation of the procedures to be followed, along with any limitations as to the nonsponsors from which work can be accepted (other Federal agencies, State or local governments, nonprofit or profit organizations, etc.).

(d) The sponsoring agreement or sponsoring agencies' policies and procedures may also contain, as appropriate, other provisions, such as identification of—

(1) Any cost elements which will require advance agreement if cost-type contracts are used; and

(2) Considerations which will affect negotiation of fees where payment of fees is determined by the sponsor(s) to be appropriate.

(e) The term of the agreement will not exceed 5 years, but can be renewed, as a result of periodic review, in increments not to exceed 5 years.

35.017-2 Establishing or changing an FFRDC.

To establish an FFRDC, or change its basic purpose and mission, the sponsor shall ensure the following:

- (a) Existing alternative sources for satisfying agency requirements cannot effectively meet the special research or development needs.
- (b) The notices required for publication (see 5.205(b)) are placed as required.
- (c) There is sufficient Government expertise available to adequately and objectively evaluate the work to be performed by the FFRDC.
- (d) The Executive Office of the President, Office of Science and Technology Policy, Washington, DC 20506, is notified.
- (e) Controls are established to ensure that the costs of the services being provided to the Government are reasonable.
- (f) The basic purpose and mission of the FFRDC is stated clearly enough to enable differentiation between work which should be performed by the FFRDC and that which should be performed by non-FFRDC's.
- (g) A reasonable continuity in the level of support to the FFRDC is maintained, consistent with the agency's need for the FFRDC and the terms of the sponsoring agreement.
- (h) The FFRDC is operated, managed, or administered by an autonomous organization or as an identifiably separate operating unit of a parent organization, and is required to operate in the public interest, free from organizational conflict of interest, and to disclose its affairs (as an FFRDC) to the primary sponsor.
- (i) Quantity production or manufacturing is not performed unless authorized by legislation.
- (j) Approval is received from the head of the sponsoring agency.

35.017-3 Using an FFRDC.

- (a) All work placed with the FFRDC must be within the purpose, mission, general scope of effort, or special competency of the FFRDC.
- (b) Where the use of the FFRDC by a nonsponsor is permitted by the sponsor, the sponsor shall be responsible for compliance with paragraph (a) of this subsection. The nonsponsoring agency is responsible for making the determination required by 17.502 and providing the documentation required by 17.504(e). When permitted by the sponsor, a Federal agency may contract directly with the FFRDC in which case that Federal agency is responsible for compliance with Part 6.

35.017-4 Reviewing FFRDC's.

(a) The sponsor, prior to extending the contract or agreement with an FFRDC, shall conduct a comprehensive review of the use and need for the FFRDC. The review will be coordinated with any co-sponsors and may be performed in conjunction with the budget process. If the sponsor determines that its sponsorship is no longer appropriate, it shall apprise other agencies which use the FFRDC of the determination and afford them an opportunity to assume sponsorship.

(b) Approval to continue or terminate the sponsorship shall rest with the head of the sponsoring agency. This determination shall be based upon the results of the review conducted in accordance with paragraph (c) of this subsection.

(c) An FFRDC review should include the following:

(1) An examination of the sponsor's special technical needs and mission requirements that are performed by the FFRDC to determine if and at what level they

continue to exist.

(2) Consideration of alternative sources to meet the sponsor's needs.

(3) An assessment of the efficiency and effectiveness of the FFRDC in meeting the sponsor's needs, including the FFRDC's ability to maintain its objectivity,

independence, quick response capability, currency in its field(s) of expertise, and familiarity with the needs of its sponsor.

(4) An assessment of the adequacy of the FFRDC management in ensuring a cost-effective operation.

(5) A determination that the criteria for establishing the FFRDC continue to be satisfied and that the sponsoring agreement is in compliance with 35.017-1.

35.017-5 Terminating an FFRDC.

When a sponsor's need for the FFRDC no longer exists, the sponsorship may be transferred to one or more Government agencies, if appropriately justified. If the FFRDC is not transferred to another Government agency, it shall be phased out.

35.017-6 Master list of FFRDC's.

The National Science Foundation (NSF) maintains a master Government list of FFRDC's. Primary sponsors will provide information on each FFRDC, including sponsoring agreements, mission statements, funding data, and type of R&D being performed, to the NSF upon its request for such information.

35.017-7 Limitation on the creation of new FFRDC's.

Pursuant to 10 U.S.C. 2367, the Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, the Secretary of the Air Force, the Secretary of Transportation, and the

Administrator of the National Aeronautics and Space Administration may not obligate or expend amounts appropriated to the Department of Defense for purposes of operating an FFRDC that was not in existence before June 2, 1986, until—

(a) The head of the agency submits to Congress a report with respect to such center that describes the purpose, mission, and general scope of effort of the center; and

(b) A period of 60 days, beginning on the date such report is received by Congress, has elapsed.

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Located at:

<https://www.acquisition.gov/FAR/05-08/html/Subpart%2035.0.html#wp1085187>

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EXHIBIT C



**BROAD AGENCY ANNOUNCEMENT (BAA) GUIDE
FOR
INDUSTRY**

JULY 2008

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CHAPTER 1: INTRODUCTION

A. OVERVIEW

Broad Agency Announcements (BAAs) are solicitation methods for Research and Development (R&D) efforts based on synopses published in the FedBizOpps.gov and/or Grants.gov that provide for full and open competition in accordance with the Federal Acquisition Regulation (FAR 6.102(d)(2)). Additional Air Force business opportunities can be accessed at the following website:
<http://www.selltoairforce.org/>

BAAs are established in FAR 35.016 and are authorized for the acquisition of basic and applied research and that part of development not related to the development of a specific system or hardware procurement. The objective of a BAA is to encourage participation by science and technology based firms and educational institutions in meeting Air Force Research and Development goals for innovative ideas and approaches for research that is general in nature. The Federal Acquisition Regulation (FAR) and its supplements referenced in this guide can be accessed through the following website <http://www.arnet.gov/>

B. CRITERIA FOR USE

A BAA solicitation method to contract for research and development may be used when:

1. the Government desires new and creative solutions to problem statements.
2. using a conventional statement of work could result in unintentionally stifling ideas and concepts given many possible approaches.
3. fulfilling requirements for scientific study & experimentation directed toward advancing the state-of-the-art or increasing knowledge or understanding rather than focusing on a specific system or hardware solution.
4. the Government must be able to state its objectives in terms of areas of need or interest rather than specific solutions or outcomes.
5. meaningful proposals with varying technical/scientific approaches are reasonably anticipated.
6. evaluation will be based on a peer or scientific review

CHAPTER 2: DEFINITIONS

AFMCFARS: Air Force Materiel Command Federal Acquisition Regulation Supplement. This and other Federal Acquisition Regulations (FAR) can be viewed at <http://farsite.hill.af.mil>.

Abstract: A brief (usually 2-5 pages) summary of the proposed technical approach with accompanying rough-order-of-magnitude (ROM) price. Also can be referred to as a "white paper".

Agreements Officer: Title given to a person with the authority to enter into, administer, and/or terminate Technology Investment Agreements.

Assistance Instrument (AI): Business arrangement that is appropriate when the goal of the program is to transfer a thing of value to accomplish a public purpose of support or stimulation as authorized by law. Assistance instruments include grants, cooperative agreements, Technology Investment Agreements, and other transactions for research. Assistance Instruments are covered by the DoD Grant and Agreement Regulation (DoDGARS) and are not subject to the Federal Acquisition Regulation

Broad Agency Announcement (BAA): means a general announcement of an agency's research interest including criteria for selecting proposals and soliciting the participation of all offerors capable of satisfying the Government's needs (See FAR 35.016).

BAA Amendment: means a change to the terms and conditions of the Announcement Overview, the BAA, or a change to a Call. A BAA amendment may also change the time and date for receipt of proposals or white papers/abstracts.

Contract Specialist: Term used interchangeably to include the Contract Negotiator, or Buyer. Be advised, however, that only a Contracting Officer is warranted to obligate the Government. Regulations specify several other functions that must be performed by a Contracting Officer.

Contracting Officer: Title given to a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. Only a Contracting Officer has the authority to obligate the Government.

Contractor Acquired Property: means property acquired, fabricated, or otherwise provided by the contractor for performing a contract and to which the Government has title.

Cooperative Agreement: An assistance instrument in which there will be substantial involvement between the Government and the recipient to perform

basic research, applied research, and advanced technology development (See 10 U.S.C. 2358). A cost-sharing arrangement may be required.

FedBizOpps (FBO): The public notification media by which U.S. Government agencies identify proposed contract actions and contract awards. BAA solicitations are published in FBO.

Government Furnished Property (GFP): Property, equipment, information, software, and/or data owned by the Government that is furnished to a contractor who needs these items to perform the contract.

Grant: An instrument under which the Government provides assistance to a recipient (college/university/non-profit organization) for basic, applied or advanced research (See 10 U.S.C. 2358). There is no substantial Government involvement.

Grants.gov: The public notification media used when a BAA will allow for the award of an assistance instrument (grant, cooperative agreement, Technology Investment Agreement, other transaction for research) as well as a contract.

Grants Officer: Title given to a person with the authority to enter into, administer, and/or terminate grants and cooperative agreements.

Independent Research and Development (IR&D): A research and development effort that is not sponsored by, or required in performance of a government contract, or grant for: (1) basic research, (2) applied research, (3) development, and (4) systems and other concept formulation studies. IR&D programs do not include technical efforts expended in developing and preparing technical data specifically to support submitting a bid or proposal.

Oral Presentations: The solicitation may require each offeror to submit part of its proposal through oral presentations. Oral presentations by offerors as requested by the Government may substitute for, or augment, written information. Use of oral presentations as a substitute for portions of a proposal can be effective in streamlining the source selection process. Oral presentations may occur at any time in the acquisition process, and are subject to the same restrictions as written information, regarding timing (see FAR 15.208) and content (see FAR 15.306).

Other Transactions for Prototype: Section 845 of Public Law 103-160, as modified by Section 804 of Public Law 104-201, provides the Secretary of the Air Force authority to enter into transactions (other than contracts) under 10 U.S.C. 2371 for prototype projects directly relevant to weapons or weapon systems proposed to be acquired or developed by the DoD. Agreements issued under this authority are commonly referred to as Other Transaction (OT) for Prototype agreements or Section 845 agreements.

Other Transactions for Research: An instrument under which the Government provides assistance to a recipient (can be a single contractor or a team of contractors) to transfer something of value to the public sector. Substantial Government involvement and 50/50 cost sharing are required. Used when it is not appropriate or feasible to use a contract, grant, or cooperative agreement. (See 10 U.S.C. 2371)

Price Analyst: Refers to a contracting professional whose function is focused on analyzing and negotiating an offeror's cost proposal and documenting the results of the negotiation. A Price Analyst is not a Contract Specialist.

Program Manager (PM): Term used interchangeably to include a Project Engineer, Project Manager, Program Manager, Scientist, Contracting Officer Representative (COR), Contracting Officer Technical Representative (COTR), Senior Scientist or Contract Monitor. Individual responsible for overseeing/managing a Science & Technology (S&T) project.

Statement of Work (SOW): The document that captures the technical content of the contractual effort. The contract may incorporate portions of the offeror's technical proposal instead of a formal SOW.

Synopsis: An individual BAA announcement published in the FedBizOpps (FBO) and Grants.gov if applicable. Can also be used to announce awards, provide information on future contracting actions, etc.

Technical/Cost Evaluation: The document that records the technical team's evaluation of each proposal against the evaluation criteria. It also addresses the technical team's assessment of applicable quantitative elements, to include number of labor hours proposed, skills mix, materials, subcontracting, etc.

Technology Investment Agreements (TIA): An assistance instrument used to attract non-traditional DoD contractors and facilitate the integration of the defense and commercial industries. It requires a 50/50 cost share unless waived.

White Paper: A brief (usually 2-5 pages) summary of the proposed technical approach with an accompanying rough-order-of-magnitude (ROM) price. Can also be referred to as an "abstract".

CHAPTER 3: PROCESSES

A. BAA PROCESS

The first step usually involves an announcement in FedBizOpps that requests interested offerors to submit either a white paper/abstract or full proposal (depending on the BAA variation selected, see below). The BAA announcement in FedBizOpps will be the only solicitation. This may be a short announcement that links to further information or the full announcement may be published in FedBizOpps. It is recommended that any interested offerors read the BAA very carefully. As a minimum the following information will be included in the BAA announcements:

- (1) An identifying number, and program name.
- (2) Points of contact for both contracting and technical matters. Offerors are encouraged to make contact with the listed individuals for any assistance required.
- (3) A description of the broadly stated areas of potential basic research or a description of the scientific or engineering problems needing new and creative solutions. A short summary of areas of program interest, expanded as appropriate, to include problems, objectives, and deliverable items (reports, software, prototypes, etc.).
- (4) Information on proposal format and number of copies of white papers/abstracts or proposals requested.
- (5) The address and/or method for white paper/abstract or proposal submittal.
- (6) If a two-step BAA variation is selected, a statement that firms submitting white papers/abstracts found to be consistent with the intent of the BAA may be invited to submit a full proposal.
- (7) Criteria for selecting white papers/abstracts and proposals.
- (8) If an informational briefing is scheduled, details as to time, date, place, number of attendees permitted, clearances needed, etc.
- (9) Advice to foreign-owned firms that their participation is subject to foreign disclosure review procedures and that they should immediately contact the contracting focal point for information if they contemplate responding.

(10) If export-controlled technical data is involved, a note advising that only firms holding certification under the US/Canada Joint Certification Program (JCP) (www.dlis.dla.mil/jcp) are allowed access to such data.

(11) The total dollar value or range of dollar values as well as anticipated period of performance may be stated in the announcement.

(12) A statement that multiple white papers/abstracts or proposals addressing different research areas, within the purview of the announcement, may be submitted by each offeror.

(13) Advice to offerors that only Contracting Officers are legally authorized to commit the Government.

(14) Date and time when white papers/abstracts or full proposals will be due. If an Open BAA variation has been selected white papers/abstracts or proposals may be allowed over a specified extended period.

B. BAA VARIATIONS

Variations of the BAA process are available for use. The following types are commonly used, but are not considered all inclusive.

(1) One-Step: The one-step process is used to request full technical and cost proposals from each offeror. The proposals are evaluated in accordance with the solicitation criteria and all of a selected proposal, part of a selected proposal, or none of the proposals are selected for individual negotiation.

(2) Two-Step: The two-step is commonly used when a large number of proposals are anticipated. Potential offerors are invited to submit brief descriptive white papers/abstracts in lieu of full proposals. Full proposals are requested from those offerors selected in the white paper/abstract evaluation process. When proposals are received they are evaluated and selected for individual negotiations.

(3) Open BAA: This approach allows for white paper/proposal submittals at any time within a specified period (usually 12 months)—Open BAAs must be publicized no less frequently than annually. White papers/proposals are evaluated when received during the period that the BAA is open.

(4) Closed BAA: This approach allows for white paper/proposal submittals at a specified date and time as set forth in the BAA. Late bid and proposal provisions (IAW FAR 52.215-1(c)(3)) are usually included in the BAA.

(5) BAA with Calls: This technique allows for publication of a basic BAA solicitation that contains overarching information, but does not request White/Papers or full proposals. The basic BAA often functions as a framework identifying the technical areas and giving the basic terms and administrative information of the BAA and is usually open for at least 12 months. The requests for White Papers/proposals are transmitted via Calls that are published separately from the basic BAA at various times during the open period of the basic BAA (note: the first Call may be published with the basic BAA). The Calls may further define the technology/government needs or just request White Papers or full proposals. The Calls may also include specific terms that apply to that Call such as further technical details and any pertinent clauses such as available GFP or specific Organizational Conflict of Interest requirements. Proposals or white papers are submitted only when Calls to the basic BAA request them. Late bid and proposal provisions (IAW FAR 52.215-1(c)(3)) are usually included in the BAA.

(6) Staggered-closed BAA: The staggered-closed BAA states a specified date and time for receipt of proposals or white papers, but allows for proposals/white papers after the date and time set for proposal receipt. All offerors should be cautioned, however, that the likelihood of funding proposals received after the specified date and time is substantially reduced.

Combinations of the above can result in subsets such as; closed one-step; closed two-step; open one-step; open two-step; two-step BAA with Calls; one-step BAA with Calls or two-step Staggered-closed BAA.

(See attachment # 1 for graphic depiction of some common BAA variations.)

CHAPTER 4: BAA ANNOUNCEMENT

A BAA announcement may include the following general categories:

BROAD AGENCY ANNOUNCEMENT BAA-XX-XX-XX

NAICS CODE:

FEDERAL AGENCY NAME:

BROAD AGENCY ANNOUNCEMENT TITLE:

BROAD AGENCY ANNOUNCEMENT TYPE:

BROAD AGENCY ANNOUNCEMENT NUMBER:

CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER(S):

PROPOSAL DUE DATE AND TIME:

I. PROGRAM DESCRIPTION:

- 1. Statement of Objective/Needs:**
- 2. Deliverable Items:**
- 3. Schedule:**
- 4. Other Requirements**
- 5. Other Information:**

II. AWARD INFORMATION:

- 1. Anticipated Funding:**
- 2. Anticipated Number of Awards:**
- 3. Anticipated Award Date:**

III. ELIGIBILITY INFORMATION:

IV. PROPOSAL/APPLICATION AND SUBMISSION INFORMATION:

V. PROPOSAL/APPLICATION REVIEW INFORMATION:

VI. AWARD ADMINISTRATION INFORMATION:

VII. AGENCY CONTACTS:

VIII. OTHER INFORMATION:

CHAPTER 5 FREQUENTLY ASKED QUESTIONS

The announcement is printed in the Research and Development Section –A of the FedBizOpps. The areas below are those that usually generate the most questions from offerors. The following paragraphs should clarify the information in the BAA and answer many potential questions.

(1) BAA Amendments: Changes to the announcement can only be made by posting an amendment in the FedBizOpps. Amendments to BAA announcements are used to: (a) extend due dates (b) increases total estimated funding and/or (c) clarify objectives. Amendments are not used to change or substantially modify the technical objectives. A new BAA announcement would be used and the old one cancelled to change technical objectives significantly. Any amendment will appear in the same section of the FedBizOpps as the original announcement.

(2) Proposal Receipt Dates: All BAAs or BAA Calls will contain an “open and effective” date or a date when white papers/abstracts or proposals are due. This is the last day for receipt of white papers/abstracts or proposals. This date can only be changed through a formal amendment (i.e., publication of amendment) to the FedBizOpps announcement.

(3) Multiple Awards: BAAs may result in multiple awards. When applicable, the FedBizOpps announcement may specify a range for length of performance expected or a dollar range anticipated for each award. However, to allow for program flexibility, the Government may not provide a range for each award. In this case, the Government may indicate the total value of all awards anticipated.

(4) Source Lists: Due to the nature of the BAA process Contracting Officers do not prepare a “source list” or “bidders list.”

(5) Availability of Referenced Documents: Copies of specifications or Data Item Descriptions (DIDs) cited in the BAA announcement may be obtained at the Depart of Defense Single Stock Point for Mil Specs and Standards website: <http://dodssp.daps.dla.mil/>. Their help desk number is 215-697-6257/6936.

(6) Late Proposals: The due date for white papers/abstracts or proposals will be specified in the BAA announcement. The due date is usually firm unless otherwise specified in the BAA. Late proposals are only accepted if they comply with the provisions of FAR 52.215-1(c)(3).

(7) Proposals Exceeding The Page Limitations Specified In The Solicitation
All BAA solicitations normally contain a page limitation for any white paper/abstract or proposal submitted. If a submittal exceeds the specified page limitation the excess pages will normally be removed and not considered in the evaluation.

CHAPTER 6: WHITE PAPER/ABSTRACT PREPARATION

A. GENERAL. If the Two-Step BAA variation is utilized, offerors will be required to submit a white paper or abstract. The purpose of this white paper/abstract is to preclude unwarranted effort on the part of an offeror whose work is not of interest to the Government.

B. FORMAT. The white paper/abstract will generally be formatted as follows unless otherwise specified in the BAA:

Section A

1. Title, Period of Performance, Estimated Cost of Task, Name and Address of the Company, Technical and Contracting Points of Contact, Telephone Number, Fax and Email.

2. Add the following information for classified submissions: Classified level at which company is cleared, Commercial and Government Entity Code (CAGE), contractor address for forwarding classified material, (name, address, zip code), cognizant security office (name, address, zip code), offeror's security officer's name and telephone number.

Section B - Task Objective - Description of work to be performed

Section C - Technical Summary and Proposed Deliverables

C. CONTENTS.

1. The white paper/abstract should include the anticipated period of performance as well as a rough-order-of-magnitude (ROM) cost. The ROM cost consists of the total cost plus profit/fee, if any. It is a best guess of the anticipated cost of the effort. The ROM should be consistent with any dollar value or ranges, if any, specified in the announcement, as well as the level of work being proposed.

2. The white paper/abstract does not include a cost proposal or any of the material which usually accompanies a cost proposal. The white paper/abstract is **generally less than five (5) pages in length; see FedBizOpps for specifics for each individual announcement.** It must include a short technical description of the concepts and plans to accomplish the technical objectives. It also briefly describes the technologies to be pursued in the effort. It should also identify any IR&D work underway within the company which may have direct application. The white paper/abstract should address only that specific part of the BAA that the offeror intends to accomplish. A single white paper/abstract that attempts to address the whole scope of the technology described in the FedBizOpps will most likely be rejected.

D. PROCESS. White papers should be submitted as specified in the BAA. The evaluation team will evaluate the white paper/abstract against the criteria stated in the announcement. Those offerors whose white papers/abstracts are of interest may be invited to submit a formal proposal. Offerors whose white papers/abstracts are determined to not be of interest are not precluded from submitting a proposal and may request proposal instructions if they so desire. All offerors submitting white papers/abstracts will be contacted by the Government; either with a letter informing them that the effort proposed is not of interest to the Government, or with a request for a formal cost and technical proposal by a specified date.

CHAPTER 7 PROPOSAL PREPARATION

A. GENERAL

1. The proposal is the only vehicle available to the offeror for receiving consideration for award. The proposal must stand on its own merit; only information provided in the proposal can be used in the evaluation process leading to an award. The proposal should be prepared simply and economically, providing straightforward, concise delineation of the technical solution necessary to perform the proposal. The technical proposal must be accompanied by a fully supported cost proposal, as cost and technical considerations are reviewed simultaneously.

2. **Do not put proprietary data or markings in the Statement of Work (SOW).** Proposals containing data that is not to be disclosed to the public for any purpose or used by the Government except for evaluation purposes shall include the following sentences in accordance with FAR 52.215-1(e)(1) and (2) on the cover page:

"This proposal includes data that shall not be disclosed outside the Government and shall not be duplicated, used, or disclosed -- in whole or in part -- for any purpose other than to evaluate this proposal. If, however, a contract is awarded to this offeror as a result of -- or in connection with -- the submission of this data, the Government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting contract. This restriction does not limit the Government's right to use information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained in sheets [insert numbers or other identification of sheets]"; and

Each restricted data sheet should be marked as follows:

"Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal."

3. The BAA may allow for electronic submittal of the white paper or full proposal. Please read the BAA closely for any specific submittal procedures or restrictions.

4. To ensure all technical proposals receive proper consideration, the Government requires the proposal format below. This format can be incorporated as the proposal Table of Contents and serves as a final checklist as well. Each individual BAA should specify which content will be included in the proposal page limit.

B. PROPOSAL TABLE OF CONTENTS/CHECKLIST

Part I - Technical Proposal

- i Cover Page
- ii Table of Content
- iii List of Illustrations/Tables
- iv Executive Summary
- 1.0 Technical Approach
 - 1.1 Technical Discussion
 - 1.2 Technical Program Summary
 - 1.3 Risk Analysis and Alternatives
 - 1.4 References
- 2.0 Capabilities and Relevant Experience
 - 2.1 Previous or Current Relevant Independent Research and Development (IR&D) Work
 - 2.2 Related Government Contracts
 - 2.3 Facilities/Resources
 - 2.4 Resumes of Key Personnel
- 3.0 Schedule
 - 3.1 Time Line Chart by Task
- 4.0 Program Organization
 - 4.1 Organization Chart(s) with key personnel
 - 4.2 Management and Technical Team
 - 4.2.1 Prime Contractor Responsibilities
 - 4.2.2 Subcontractor(s) Responsibilities
 - 4.2.3 Consultant Responsibilities
- 5.0 Appendix(es)

PART II -- Technical Proposal

Format of the proposal shall be specified in the BAA.

a. Cover Page

The cover page shall include the BAA title and reference number, name and telephone number, fax and email for the offeror's principal points of contact (both technical and contractual), and the page shall also contain the proprietary data disclosure statement, if applicable

b. Table of Contents

Follow the previously described table of contents and use it for a final quality-control checklist.

c. List of Illustrations/Tables

This list is a quick reference of charts, graphs, and other important information. A separate List of Tables is recommended.

d. Executive Summary

The Executive Summary allows offerors to present, briefly and concisely, the important aspects of their proposals to key management personnel. The summary should present an organized progression of the work to be accomplished, without the technical details, so that the reader can grasp the core issues of the proposed program. The Executive Summary should rarely exceed two pages.

e. Technical Approach

In this section, the offeror should provide as much technical detail and analysis as is necessary or useful to support the proposed technical approach. One must clearly identify the technologies, (basic, applied research or exploratory development) forming the "new and creative" solution(s) proposed. It is not effective to address a variety of possible solutions to the technology problems.

(1) Technical Discussion: No technical approach is without its limitations or shortcomings. Every issue should be identified and compared with the successes/failures of previous approaches. A tradeoff analysis is a good way to make this comparison and should be supported by theory, simulation, modeling, experimental data, or other sound engineering and scientific practices. If the offeror has a "new and creative" solution to the problem(s), that solution should be

developed and analyzed in this section. The preferred technical approach should be described in as much detail as is necessary or useful to establish confidence in the approach.

(2) Technical Program Summary: This section summarizes the above technical discussion in an orderly progression through the program, emphasizing the strong points of the proposed technical approach.

(3) Risk Analysis and Alternatives: Every technology has limitations and shortcomings. The proposal evaluator(s) will formulate a risk assessment; therefore, it is in the best interest of the offerors to have their own understanding of the risk factors presented. Critical technologies should be identified along with their impact on the overall program, as well as fallback positions that could still improve on existing approaches.

(4) References: Any good technology discussion must present the basis for, and reference, the findings cited in the literature.

f. Capabilities and Relevant Experience

In this section, the offeror should describe any capabilities the offeror has that are uniquely supportive of the technology to be pursued. The following subparagraphs are offered as possible areas to be addressed.

- (1) Capabilities and Relevant Experience
- (2) Previous or Current Relevant IR&D Work and Points of Contact
- (3) Related Government Contracts and Points of Contact
- (4) Facilities/Resources
- (5) Resumes of Key Personnel

g. Schedule

The schedule represents the offeror's commitment to perform the program tasks in an orderly, timely manner.

(1) Time Line Chart by Task: Each major task identified in the SOW should appear as a separate line on the program schedule. Planned meetings, such as kick-off, presentations (including final presentation on the effort), Technical Interchange Meetings, etc., should be included in the Time Line. The Time Line should also indicate the anticipated meeting site.

h. Program Organization

In this paragraph, the offerors should present their Organization's ability to conduct difficult technical programs. Any pertinent or useful information may be

included in this paragraph, but a minimum recommended response should address the following subparagraphs:

(1) Organization Chart(s) with Key Personnel: Include prime offeror and subcontractor organization charts.

(2) Management and Technical Team: This should specifically identify what tasks will be performed by each party and why each subofferor, if any, was selected to perform its task(s).

- (a) Proposer Responsibilities
- (b) SubContractor(s) Responsibilities
- (c) Consultant(s) Responsibilities

i. Appendix(es): Appendices may include technical reports, published papers, and referenced material. A listing of these reports/papers, with short description of the subject matter, is usually adequate. **DO NOT PROVIDE COMMERCIAL PRODUCT ADVERTISING BROCHURES.** Please be aware that these may be included in the proposal page limitation.

PART III --- Offeror Statement of Work (SOW)

A. Many BAAs request an offeror developed Statement of Work (SOW) submitted with the proposal. The SOW developed by the offeror and included in the proposal may be incorporated into a resulting, binding contract. Developing the SOW as a separate and distinct part of the proposal (Part II) will allow the Government to incorporate it as part of the contract with minimal time and effort. (See Attachment # 2 for Sample SOW)

a. PLEASE USE THE FOLLOWING DECIMAL NUMBERING SYSTEM FOR SOW PREPARATION. **Do not put proprietary data or restrictive markings in the Statement of Work (SOW).**

Table of Contents

1.0 Objective

2.0 Scope

3.0 Background

4.0 Tasks/Technical Requirements

1st sub-level 4.1 Task

2nd sub-level 4.1.1 Sub-task

3rd sub-level 4.1.1.1 Second level sub-task

b. An offeror developed SOW is required to accurately describe the work to be performed, is enforceable, and void of inconsistencies. If, in the Government's opinion, the offeror's SOW does not reflect these requirements, changes or adjustments may be required which could delay the award. The SOW must be a separate and distinct part of the proposal. The proposed SOW must contain a summary description of the technical methodology as well as the task description, but not in so much detail as to make the SOW inflexible. **DO NOT INCLUDE THE OFFEROR'S NAME, OR ANY PROPRIETARY INFORMATION IN THE SOW.**

c. The following is offered as the format for the SOW. Begin this section on a new page. Start your SOW at Paragraph 1.0. A sample SOW is included for reference as Attachment No. 2.

(1) 1.0 - Objective: This section is intended to give a brief overview of the specialty area and should describe why it is being pursued, and what you are trying to accomplish.

(2) 2.0 - Scope: This section includes a statement of what the SOW covers. This should include the technology area to be investigated, objectives/goals, and major milestones for the effort.

(3) 3.0 - Background: The offeror shall identify appropriate documents that are applicable to the effort to be performed. This section includes any

information, explanations, or constraints that are necessary in order to understand the requirements. It may include relationship to previous, current and future operations. It may also include techniques previously tried and found ineffective.

(4) 4.0 - Technical Requirements:

(a) This section contains the detailed description of tasks which represent the work to be performed which are contractually binding. Thus, this portion of the SOW should be developed in an orderly progression and in enough detail to establish the feasibility of accomplishing the overall program goals. The work effort should be segregated into major tasks and identified in separately numbered paragraphs according to the decimal system above. Each numbered major task should delineate, by subtask, the work to be performed. The SOW must contain every task to be accomplished.

(b) The tasks must be definite, realistic, and clearly stated. Use "shall" whenever the work statement expresses a provision that is binding. Use "should" or "may" whenever it is necessary to express a declaration of purpose. Use "will" in cases where no offeror requirement is involved; e.g., power will be supplied by the Government. Use active voice in describing work to be performed.

(c) Do not use acronyms or abbreviations without spelling-out acronyms and abbreviations at the first use; place the abbreviation in parenthesis immediately following a spelled-out phrase. This provides the definition for each subsequent reuse. As an option, a glossary may contain definitions of acronyms and abbreviations.

(d) If presentations/meetings are identified in your schedule, include the following paragraph in your SOW:

"Conduct presentations/meetings at times and places specified in the contract schedule."

(e) It is preferred that your proposed Statement of Work be submitted on a 3 1/2" disk, CD ROM or Zip disk using Microsoft Word. The PC Word format is preferred. *It is still necessary, however, to submit a hard copy of the Statement of Work.*

Note: Always compare this guide's instructions with the announcement instructions as they may vary for some projects and may differ somewhat from the instructions herein. Should that occur, you should comply with the announcement instructions.

PART IV Guidelines for Cost Proposals

a. For pricing purposes, offerors should assume a contract or agreement start date of approximately ninety (90) days after submission of the proposal. Offerors are to provide any current Forward Pricing Rate Agreements (FPRA) in effect at time of proposal submission.

b. The cost proposal should be limited to the minimum number of pages necessary to adequately support the proposed cost. The BAA announcement should specify if adequate price competition, as defined in FAR 15.403-1(c), is anticipated or if cost or pricing data, as defined in FAR 2.101 must be submitted. If adequate price competition is anticipated and if it is later determined that adequate price competition *does not exist*, and the threshold for a negotiated contract is expected to exceed \$650,000 then the submission of cost or pricing data may be required. When cost or pricing data are required, the contracting officer shall require the offeror to submit to the contracting officer (and to have any subcontractor or prospective subcontractor submit to the prime contractor or appropriate subcontractor tier) the following in support of any proposal:

(1) The cost or pricing data.

(2) A certificate of current cost or pricing data, in the format specified in FAR 15.406-2, certifying that to the best of its knowledge and belief, the cost or pricing data were accurate, complete, and current as of the date of agreement on price or, if applicable, an earlier date agreed upon between the parties that is as close as practicable to the date of agreement on price.

c. If cost or pricing data are requested and submitted by an offeror, but an exception is later found to apply, the data will not be considered cost or pricing data as defined in FAR 2.101 and will not be certified in accordance with FAR 15.406-2.

d. **Cost Sharing:** Air Force policy is that the Government will normally fully fund all R&D efforts with appropriated funds. However, there may be occasions where an offeror might anticipate some commercial or other form of additional benefit from participation in an Air Force project and may be willing to share in the costs of the project. In such cases, the offeror will be requested to verify or otherwise substantiate it and a cost sharing arrangement may be used. If so, a cost-sharing arrangement will be incorporated in the resulting award. No type of federal funding may be used as a source for the contractor's share of the cost. There are certain programs that may require cost sharing, such as Manufacturing Technology, which statutorily require cost sharing. Certain types of assistance instruments, such as Technology Investment Agreements or some Cooperative Agreements, may also require cost sharing. On assistance instruments, however, some type of federal funding, such as IR&D, may be appropriate or acceptable as cost share.

e. Additional Information: The following information should be contained in a cover sheet attached to the cost proposal:

1. Full company name and address
2. BAA number submitting proposal against
3. Point of contact, name, title, phone and fax number
4. CAGE code
5. DUNS number
6. Type of contract proposed (i.e. CPFF, T&M)
7. Name, address and phone number of administration office
8. Name, address and phone number of audit (DCAA) office
9. Will you require the use of any government property in the performance of this work? If yes, identify.
10. Is this proposal consistent with your established estimating and accounting practices and procedures and FAR Part 31 cost principles? If no, explain.

f. **Cost Element Breakdown:** Clear, concise and accurate cost proposals reflect the offeror's financial plan for accomplishing the effort contained in the technical proposal. As a part of its cost proposal, the offeror shall submit other than cost or pricing data in the format suggested by FAR 15.403-5(b)(1), or cost or pricing data as defined by FAR 2.101, or in contractor's format containing the information outlined below, together with supporting breakdowns. All direct costs (labor, material, travel, computer, etc.) as well as labor and overhead rates should be provided by contractor fiscal year (CFY) unless otherwise specified in the BAA. Following this narrative is an example of pricing information that may be required. The supporting schedules may include summary level estimating rationale used to generate the proposed costs. Information such as historical cost information, judgment, analogy to other similar efforts, etc. is generally accepted methods of projecting labor expenditures. Purchase order history, catalog prices, vendor quotations, firm negotiated values, engineering estimates, etc. are generally accepted methods of projecting material requirements. The cost element breakdown(s) may include the following.

1. Direct Labor: Direct labor should be detailed by number of labor hours by category of labor by contractor fiscal year.

2. Labor and Overhead Rates: Direct labor hours, with their applicable rates, must be broken out by contractor fiscal year and the bases used clearly identified. The source of labor and overhead rates and all pricing factors should be identified. For instance, if a Forward Pricing Rate Agreement (FPRA) is in existence, that should be noted, along with the Administrative Contracting Officer's (ACO's) name and telephone number. If the rates are based on current experience in your organization, provide the history base used and clearly identify all escalation, by year, applied to derive the proposed rates. If computer

usage is determined by a rate, identify the basis used and rationale used to derive the rate.

3. Material/Equipment: List all material/equipment items by type and kind with associated costs and advise if the costs are based on vendor quotes, data and/or engineering estimates; provide copies of vendor quotes and/or catalog pricing data.

4. Subcontractor Costs: Submit all subcontractor proposals and analyses with your cost proposal (See FAR 15.404-3(b)). If the subcontractor will not submit cost and pricing information to the offeror, this information must be submitted directly to the Government for analysis. On all subcontracts and interdivisional transfers, provide the method of selection used to determine the subcontractor and the proposed contract type of each subcontract. An explanation shall be provided if the offeror proposes a different amount than that quoted by the subcontractor. The offeror's proposal must:

- (a) Identify principal items/services to be subcontracted.
- (b) Identify prospective subcontractors and the basis on which they were selected. If non-competitive, provide selected source justification
- (c) Identify the type of contractual business arrangement contemplated for the subcontract and provide a rationale for same.
- (d) Identify the basis for the subcontract costs (e.g., firm quote or engineering estimate, etc).
- (e) Identify the cost or pricing data or information other than cost or pricing data submitted by the subcontractor.
- (f) Provide an analysis of the proposed subcontract in accordance with FAR 15.404-3(b). Provide an analysis concerning the reasonableness, realism and completeness of each subcontractor's proposal. If the analysis is based on comparison with prior prices, identify the basis on which the prior prices were determined to be reasonable. The analysis should include, but not be limited to, an analysis of: materials, labor, travel, other direct costs and proposed profit or fee rates.

5. Special Tooling or Test Equipment: When special tooling, and/or test equipment is proposed, attach a brief description of said items and indicate if they are solely for the performance of this particular contract or project and if they are or are not already available in the offeror's existing

facilities. Indicate quantities, unit prices, whether items are to be purchased or fabricated, whether items are of a severable nature and the basis of the price. These items may be included under Direct Material in the summary format.

6. Consultants: When consultants are proposed to be used in the performance of the contract, indicate the specific project or area in which such services are to be used. Identify each consultant, number of hours or days to be used and the consultant's rate per hour or day. State the basis of said rate and give your analysis of the acceptability of the consultant's rate.

7. Travel. Travel costs must be justified and related to the needs of the project. Identify the number of trips, the destination and purpose. Travel costs should be broken out by trip with number of travelers, airfare, per diem, lodging, etc.

8. Computer Use: Detail the amount and kind of computer usage, the cost and how the costs were derived.

9. Facilities Capital Cost of Money: If Facilities Capital Cost of Money is claimed, a properly executed DD Form 1861 is required in support of the dollars proposed.

10. Project Funding Profile: Offerors should include a project funding profile by Government Fiscal Year (GFY) (1 Oct through 30 Sept) for budgetary purposes. This will enable the Government to easily identify program funding needs by GFY.

If an offeror takes exceptions to the requirements called out in the announcement (e.g., base support, Government-furnished property (GFP), CDRLs), the exceptions should be clearly stated in the cost proposal.

CHAPTER 8: WHITE PAPER/PROPOSAL EVALUATION

A. WHITE PAPER EVALUATION

If the Two-Step process (see Chapter 3) was used, offerors will be required to submit a white paper or proposal abstract. The evaluation team will evaluate the white paper to determine its overall technical value and interest to the Government. Offerors that submitted white papers found to be of interest may be requested to submit formal technical and cost proposals by a specific date. Offerors that submit a proposal without first submitting a white paper or proposal abstract may not be eligible for award; please read each BAA closely to determine if this restriction applies.

B. PROPOSAL EVALUATION

Proposals are evaluated solely on the criteria published in the BAA on the FedBizOpps and/or grants.gov. The proposal must stand on its own merit as submitted. All BAA proposals are evaluated by Government personnel or as otherwise specified in the announcement. In some cases, when the necessary expertise cannot be found within the Government, outside consultants may be included on the evaluation team. This will be indicated in the announcement. The technical evaluation will classify proposals into categories utilizing the criteria published in the BAA (See AFMC FAR Supplement 5335.016(b)(90)). The three categories generally utilized are the following; however offerors should consult the BAA as different categories may be specified:

- (i) Category I: Proposal is well conceived, scientifically and technically sound, pertinent to the program goals and objectives, and offered by a responsible contractor with the competent scientific and technical staff and supporting resources needed to ensure satisfactory program results. Proposals in Category I are recommended for acceptance (subject to availability of funds) and normally are displaced only by other Category I proposals.
- (ii) Category II: Proposal is scientifically or technically sound, requiring further development and is recommended for acceptance, but at a lower priority than Category I.
- (iii) Category III: Proposal is not technically sound or does not meet agency needs.

C. ORAL PRESENTATIONS

Offerors may be required to present part or all of their technical proposals orally (See definition in Chapter 2). This would consist of a briefing format where the offeror would present their technical proposal to the evaluation team. **Specific requirements for oral presentations may vary with each announcement so offerors must read the proposal preparation instructions carefully.**

Submission of presentation slides will normally be required at time of any written proposal documents. Offerors are usually given a specific amount of time to present their proposal and/or a maximum number of charts that they can present. Members of the evaluation team will usually be permitted to ask questions. The questions will be for clarifications or further explanation only, as the evaluation team is not allowed to provide feedback (positive or negative) to the offeror during the presentation. The offeror will usually be given the option of answering the question immediately or providing the answer at a later time. The evaluation team will base their evaluation on the content of the presentation and not on the "polish or style" of the presentation. Some written information may still be required and advance copies of the presentation charts are usually required. If presentation slides have also been submitted, no changes, other than administrative, are permitted. Cost proposals are usually not included in the oral presentation. The entire proposal (written portions and those portions that are orally presented) will be evaluated solely on the criteria published in the announcement and the proposal must stand on its own merit as presented/submitted.

D. AWARDS

1. Multiple Awards and Flexibility in Awards made:

Under the BAA method, multiple awards are generally made based on the quality of the proposals and availability of funding. Occasionally, the Air Force may be interested in buying only a certain portion (or portions) of a proposal. The BAA method provides the flexibility to make an award for only those portions or tasks of the proposal that are of interest to the Government. You will be notified in writing if the Government intends to make an award based on your proposal. The notification will indicate if all or only portions of your proposal will be included in the award.

2. Sequence of Awards:

In most BAAs, awards are usually made to Category I proposals prior to awards to any Category II proposals. However, because of the uniqueness of the BAA evaluation process, it may be the case that while your overall proposal is ranked in Category II (or even Category III) a certain part of the proposal may be ranked Category I or II. In this case the flexibility of the BAA process (mentioned in

paragraph 1.) will allow the Government to make an award for that portion of your proposal that is of high interest to the Government. Category III proposals, with the exception of certain parts of the proposal (as described above) are generally not awarded. Offerors whose proposal(s) are not recommended for acceptance will be notified by the Contracting Officer.

CHAPTER 9: NEGOTIATION TO AWARD

A. NOTIFICATION OF AWARD DECISION

In the Closed-Ended Single-Step or Two-Step processes, the Contracting Officer or Contract Specialist will notify, in writing, offerors selected for negotiation for potential award and offerors that were not selected. Such notification can only occur after the technical evaluation has been approved. During this notification process, the Contracting Officer or Contract Specialist may request any required pricing updates or revisions begin immediately. The solicitation typically calls for submission of a subcontracting plan – if required-- with the proposal. If subcontracting information is incomplete, the Contracting Officer or Contract Specialist will request it at this time.

B. MODEL DOCUMENT

The Contracting Officer or Contract Specialist may transmit the Government's anticipated contractual format (Model Document) to the selected offeror(s) if a model document was not provided in the BAA announcement. The model document provides the basis for negotiations on all contractual or agreement requirements, terms, and conditions.

C. TECHNICAL AND COST NEGOTIATIONS

1. Technical: Any unresolved technical issues, such as the SOW, will normally be negotiated first. Typically, negotiations involve specific language issues or determining Government needs versus effort proposed. If a SOW was not requested at proposal time it may be requested once the technical tasks or issues are agreed upon. Most of these negotiations are conducted via telephone and supplemented by either telefax or E-mail. If many complex issues arise, the Government negotiator may request face-to-face meetings to resolve them.

2. Terms and Conditions: Any exceptions, changes, or additions to the model document should be clearly identified and justification should be provided for each. Some may affect pricing or technical considerations (e.g., limited and restricted rights, licensing agreements, or royalties) and should normally be resolved before negotiating cost and fee/price.

3. Cost and fee (if applicable)/Price should be negotiated last. If rates, factors, or other cost elements change during the course of negotiations, the Government negotiator must be informed as quickly as possible to preclude any delays. The offeror may be asked to document these changes. To expedite negotiations, this information should be sent via telefax or e-mail if it is not too voluminous. The contracting officer is responsible for evaluating the reasonableness of those offered prices. The analytical techniques and procedures employed are meant to

ensure that the final price is fair and reasonable. The complexity and circumstances of each acquisition will determine the level of detail of the analysis required. FAR 15.404-1(d) requires that cost realism analysis be used on all cost reimbursement contracts to determine the probable cost of performance of the offeror. That cost may not necessarily coincide with the offeror's. Additionally, the government also performs a risk assessment. In that regard, the assessed risk should be commensurate with the fee. If the proposed and government assessed fee differ, then fee, like cost, will be negotiated.

4. Early Effective Date: Occasionally, circumstances arise within a specific program that may result in the offeror requesting an early effective date. An early effective date involves an offeror agreeing or requesting to start work on an award after the successful conclusion of negotiations, but without issuance of a signed award. The offeror assumes all risk in this situation. AFMC FAR Supplement 5304.101-90 requires that if there is no contract, all incurred costs shall be at the offeror's risk and not allowable on any Government contract. The offeror must weigh the benefit of starting an effort with an early effective date against the possibility that a contract will not be awarded. If the Government agrees to an early effective date, the CO will confirm the negotiated date in writing along with the provision of total cost risk assumption in the event that no award is issued. When the award is forwarded for signature, the early date the parties agreed to will be placed in the "Effective Date" block of the contract, which acknowledges allowability of the costs incurred prior to the offeror and CO signatures reflected on the document. Otherwise, the effective date is the mailing date. On assistance instruments, recognition of some pre-award costs may be acceptable and negotiated with the grants officer; however, costs which pre-date the announcement cannot be recognized.

5. Agreement: Once negotiations have been concluded, the Government negotiator will ask the offeror to confirm the negotiations in writing. The confirmation should include the cost and fee or price, and any terms and conditions agreed to (e.g., phase cost and fee, SOW changes, contract clause or instrument article exceptions, Small Business Subcontracting Plan, etc.). For an effort where the contracting officer determines there was not adequate price competition, if the total price of the contract reaches the regulatory threshold, the offeror must furnish to the Government a Certificate of Current Cost or Pricing Data as soon as possible following negotiations. While the offeror prepares this documentation, the Government negotiator initiates the contract preparation process.

6. Offeror Signature: Often the negotiator may submit the contract for legal review and contractor signature simultaneously. In this case the negotiator may ask the contractor to withhold signature until completion of that review. Any exceptions taken should be immediately brought to the attention of the Government negotiator via telephone for resolution prior to signing and forwarding the document.

7. Signature and Distribution: After the contractor has signed and returned the document, the CO signs the contract and the document is distributed. If it exceeds \$5.5 million dollars, by regulation the CO must wait three days for public announcement of the award before distribution can be made.

CHAPTER 10: DEBRIEFINGS

A. DEBRIEFINGS

Offerors may submit a written request to the Contracting Officer for a debriefing of the evaluation results. (See FAR 15.505 and 15.506) The debriefing may be accomplished by telephone/teleconference or face-to-face as determined by the Contracting Officer.

B. PROPOSAL RETENTION

All proposals and white papers/abstracts will be retained by the government in accordance with FAR 4.8.

CHAPTER 11 ASSISTANCE INSTRUMENTS

A. BACKGROUND

An award may be made from a BAA announcement in the form of a grant, cooperative agreement (CA), Technology Investment Agreement (TIA) or other transaction (OT) rather than a contract. These are known as "Assistance Instruments." Assistance Instruments (AI) are appropriate when the goal of the acquisition is to provide assistance by transferring a thing of value (such as money or government facilities) to accomplish a public purpose. On the other hand, a FAR contract is usually more appropriate when the goal of the acquisition is the purchase of goods or services for the direct benefit of the government. An AI, while legally termed a contract, is not subject to the Federal Acquisition Regulation (FAR). There are three basic kinds of AI's: (1) Grants, (2) Cooperative Agreements (CA) and (3) Other Transactions (OT) for Research. There is a very flexible class of agreements called Technology Investment Agreements (TIAs) that may be either a CA or OT, depending on the patent language contained in the document.

B. GENERAL

AI's differ from contracts in that they are usually more streamlined and less complex. AIs establish a "partnership" between the government and the recipient rather than a "buyer/seller" relationship that is common with a FAR contract. A grant does not require substantial Government involvement, where a CA or OT for research does require substantial Government involvement. Substantial Government involvement is defined as involvement, of a technical nature, over and above the normal program management functions. AI's are similar to contracts in that they both require basic cost and technical proposals (including the requirement for a proposed SOW) as well as negotiation and agreement on terms and conditions. They differ in that agreement is reached on an estimated budget rather than a fair and reasonable price. The DOD Grant and Agreement Regulations (DoDGARS) is the guidance for grants and cooperative agreements. The web site for the DoDGARS is <http://www.onr.navy.mil/DoDGARS/download.asp>.

C. WHEN A GRANT WOULD BE AWARDED

Grants are normally awarded for basic and applied research efforts. They are intended to be used when the end objective is to advance the state of knowledge in an area of science or technology; to find a solution to a specific problem; or to achieve improved performance or reduce cost where no specific end result or product, other than documentation, is required. Any hardware involved would be for demonstration or proof-of-principle purposes only. The award of a grant must meet several other requirements in addition to the above. A grant must provide to the Government, as a minimum, a paid up license and march-in rights in patents. The following characteristics apply to a grant award:

- a. Primarily awarded to educational or non-profit organizations.
- b. Classified information is usually not involved.
- c. There is no fee or profit.
- d. DOD Grant and Agreement Regulations (DoDGARS) does apply.
- e. Substantial involvement between the government and recipient is not required.
- f. Not subject to the terms of a procurement contract.

D. WHEN A COOPERATIVE AGREEMENT (CA) WOULD BE AWARDED

CA's are normally awarded for basic research, applied research, or advanced research or development efforts. The following characteristics apply to a CA award:

- a. Used when a contract and grant has been determined inappropriate.
- b. Substantial involvement between the government and recipient is required.
- c. Paid up license and march-in rights in patents must be obtained.
- d. Government Purpose Rights in Data usually is obtained.
- e. There is no profit/fee.
- f. Cost-share may be required and it may consist of other than cash; IR&D cost sharing allowable.
- g. Not subject to the terms of the Federal Acquisition Regulation.
- h. DoDGARS does apply.

E. WHEN AN OTHER TRANSACTION (OT) WOULD BE AWARDED

An OT for research is used when it has been determined that a contract, grant, or CA is not appropriate. OT's are undefined legal instruments. An OT created under 10 U.S.C 2371 may only be used for purposes specifically authorized by law such as for basic, applied and advanced research. The following characteristics apply to an OT for research award:

- a. Paid up license and march-in rights in patents not required.
- b. 50/50 cost sharing is required unless waived.
- c. Not subject to the terms of a procurement contract.
- d. DoDGARS does not apply to OT's.
- e. Substantial involvement between the government and recipient is required.
- f. There is no fee/profit

F. WHEN A TECHNOLOGY INVESTMENT AGREEMENT (TIA) WOULD BE AWARDED

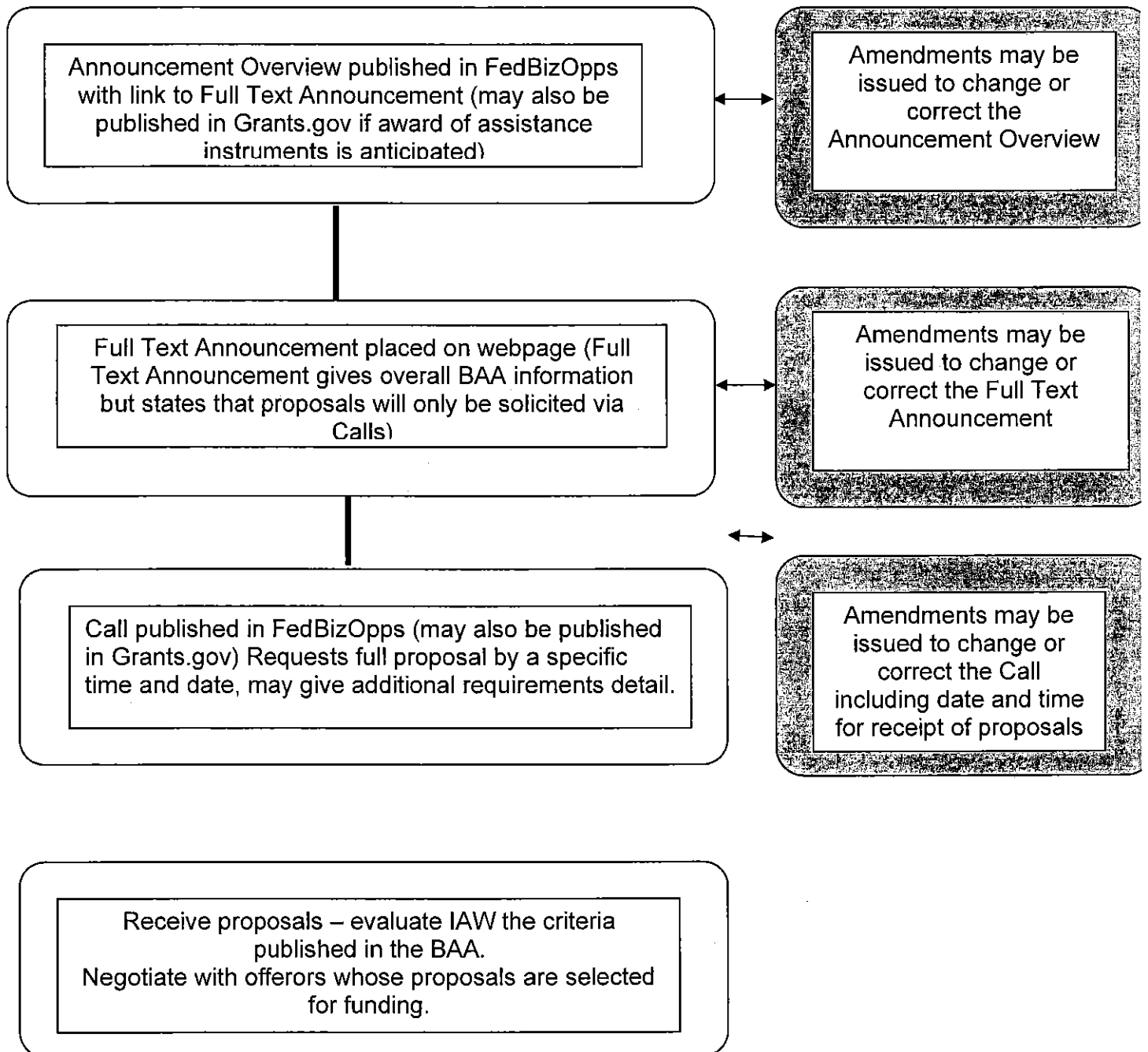
A TIA is a class of assistance instrument that may be either a CA or OT depending on the patent language included in the agreement. This instrument is used for stimulation or support of basic, applied, and advanced research, when it is appropriate to use assistance instruments and the research is to be performed by a for-profit firm or a consortia that includes for-profit firms, particularly firms that traditionally do not do business with the government. TIAs allow for flexibility in a number of areas that are often barriers to participation by firms that normally do not do business with the government, including standards for financial management systems, cost principles, and rights to technical data and computer software. The following characteristics apply to a TIA:

- a. Recipient must include a for-profit company.
- b. Used when a contract and grant has been determined inappropriate
- c. 50/50 cost share required unless waived.
- d. Paid-up license and march-in rights in patents may be required if TIA is determined to be a CA. Not required if TIA is determined to be an OT.
- e. There is no profit/fee.
- f. Recipient may be a consortium (made up of multiple firms teaming together) that includes a for-profit firm.
- g. More flexibility in reporting requirements and payment procedures may be negotiated. Payment may be made based on completion of technical milestones.
- h. DoDGARS applies.

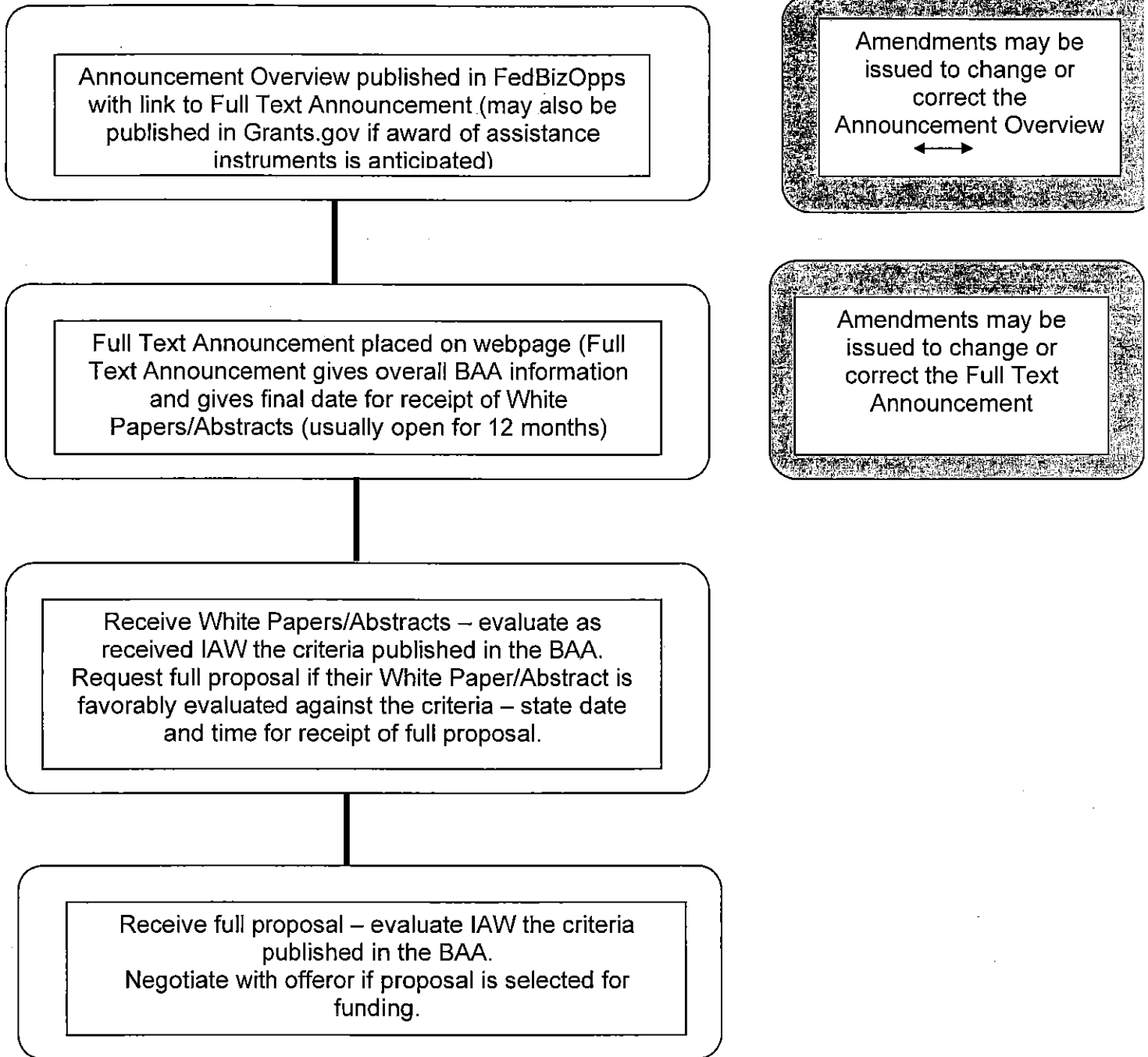
i. Substantial involvement between the government and recipient are expected.

ATTACHMENT # 1 GRAPHIC DEPICTIONS OF COMMON BAAs

One-Step BAA with Calls utilizing Announcement Overview



Two Step Open BAA utilizing Announcement Overview



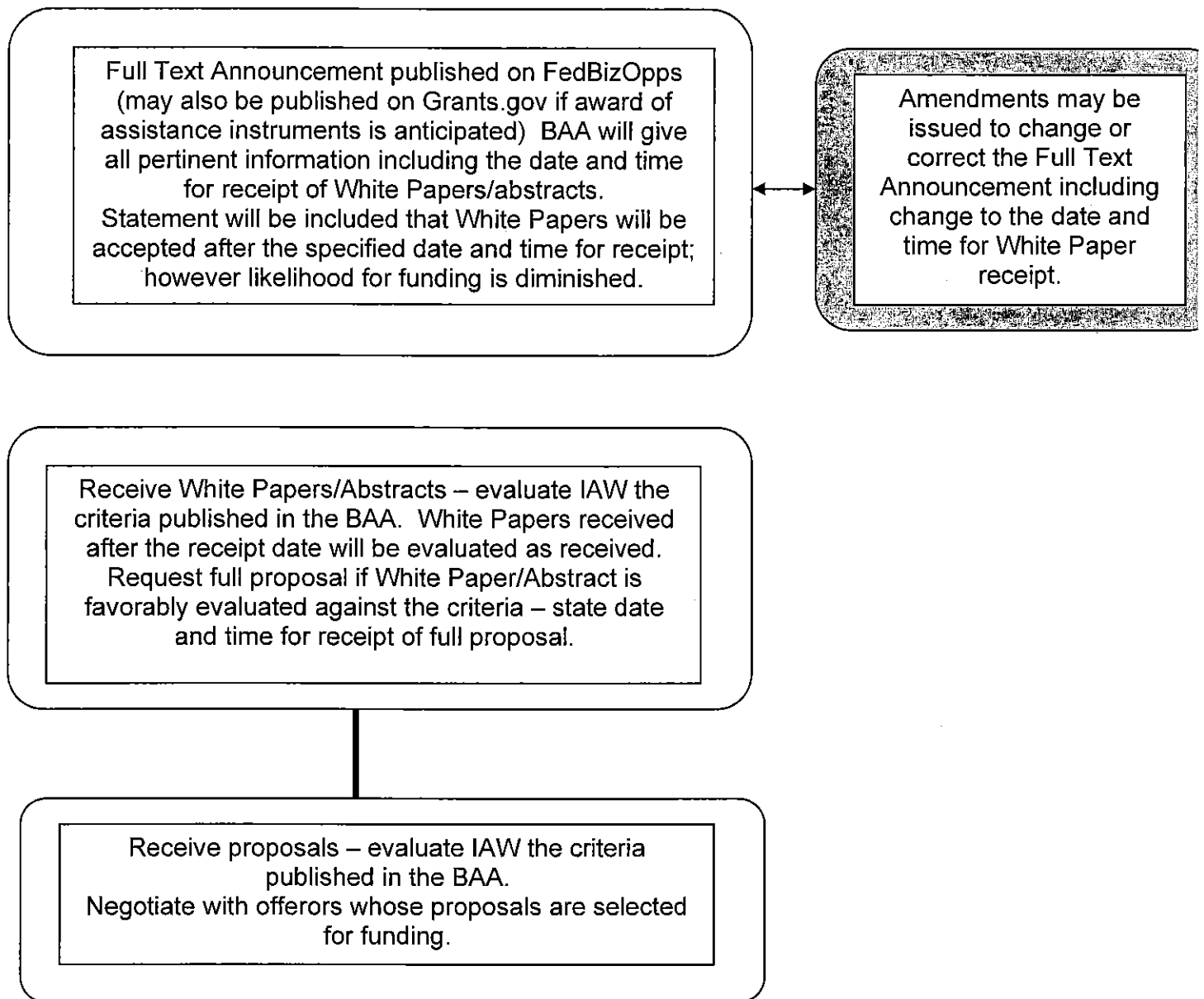
One Step Closed BAA utilizing Full Text Announcement

Full Text Announcement published on FedBizOpps
(may also be published on Grants.gov if award of
assistance instruments is anticipated) BAA will give
all pertinent information including the date and time
for receipt of full proposals

Amendments may be
issued to change or
correct the Full Text
Announcement including
change to the date and
time for proposal receipt.

Receive proposals – evaluate IAW the criteria
published in the BAA.
Negotiate with offerors whose proposals are selected
for funding.

Two-Step Staggered-Close BAA



SAMPLE STATEMENT OF WORK
Attachment # 2

1.0 OBJECTIVE:

1.1 The objective of this effort is to investigate: (a) techniques for generating code for (whatever); (b) technology that connect transformed variants of programs, crucial to debugging and performance analysis; and (c) exploitation of XXX by software environments.

2.0 SCOPE:

2.1 The scope of this effort is to develop technology for building integrated computational environments for XXXXX and distributing a set of advanced computational software tools based on this technology that demonstrates the ability to achieve improved performance on current XXXXXX computers.

3.0 BACKGROUND:

3.1 XXXXXX and computer communications networks are increasingly important to scientific advancement, economic computation, and national security. The technology is reaching the point of having a transforming effect on our society, industries, national defense, and educational institutions. The goal of the XXXXXXXXXXXXXXXX program is to accelerate significantly the commercial availability and utilization of the next generation of XXXXXXXXXXXXXXXX computers and software.

3.1 The key is by aggressively pursuing research in XXXXXXXXX, and intelligent XXXXXXXXXXXXX to deliver revolutionary advances in XXXXXXXXXXXXX software tools. An ideal XXXXXXXXXXXXXXXX environment will ultimately depend on a pervasive understanding of the relationship between XXXXXXXXXXXXI programming methodology, XXXXXXXXXXX, XXXXXXXXX implementation, and system performance characteristics.

4.0 TASKS/TECHNICAL REQUIREMENTS:

4.1 The contractor shall accomplish the following:

4.1.1 Design and implement a XXXXXXXXXXX for a XXXXXXXXXXX computer. The XXXX shall include the design of initial data structures.

4.1.2 Develop an execution analysis infrastructure to debug and study the performance of XXXXXXXXXXXXXXXX without having to understand the transformations caused upon the program by the XXXXXXXXXXX, which includes:

4.1.2.1 Implementation of connections between XXXXXXXXXXXXXXXX and XXXXXXXXXXXXXXXX.

4.1.2.2 Implementation of connections from XXXXXXXXXXX to XXXXXXXXXXX representation.

4.1.3 Develop technology to utilize the power of XXXXXX on the XXXXXXXXXXXXXXXX tasks to develop a general XXXXXX environment which includes:

4.1.3.1 Tools for XXXXXXXX to be XXXXXXXXXX scheduled on XXXXXXXXXX;

4.1.3.2 Interfaces for automatic scheduling of tools that are specifically designed to be executed on XXXXXXXX; and

4.1.3.3 Integrating the XXXXXX paragraph 4.1.1.

4.1.4 Identify XXXXX community members with relevant applications to experiment with the XXXXXXXXXX of the XXXXXX from paragraph 4.1.1 and the general XXXXXXXX from paragraph 4.1.3.

4.1.5 Reporting.

4.1.5.1 Continually determine the status of the effort and report progress toward accomplishment of contract requirements. (See CDRL, A001)*

4.1.5.2 Continually determine the status of funding required for contract performance. (See CDRL, A002)**

4.1.5.3 Document all technical work accomplished and information gained during the performance of this acquisition. This shall include all pertinent observations, nature of problems, positive as well as negative results, and design criteria established, where applicable; also, procedures followed, processes developed, "Lesson Learned", etc. The details of all technical work shall be documented to permit full understanding of the techniques and procedures used in evolving technology or processes developed. Separate design, engineering, or process specifications delivered during this acquisition shall be cross-referenced to permit a full understanding of the total acquisition. (See CDRL, A003)***

*(See CDRL, A001) - indicates an R&D Project Summary Report, due either monthly or quarterly.

** (See CDRL, A002) - indicates a Contract Funds Status Report, due either monthly or quarterly.

*** (See CDRL, A003) - indicates Final Technical Report due at the end of the contract term