



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

06 MAR 2002

Office of the Assistant Secretary

Contract Policy Memo 02-C-01

MEMORANDUM FOR ALMAJCOM/FOA/DRU (CONTRACTING)

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

SUBJECT: Use of Award Term Contract Arrangements

Award term contract arrangements are an effective, non-cost incentive that can foster consistent relationships with companies that reliably deliver superior performance. Contracting officers must address a number of fiscal issues when using award term with other than an indefinite delivery-indefinite quantity (ID/IQ) contract. In particular, you must avoid creating either a contractual commitment in advance of appropriation or an unintentional multi-year contract scenario. However, a positive award term determination under an ID/IQ contract simply extends the ordering period of the contract without forming a binding contractual commitment beyond the guaranteed minimum specified in the contract. We are working closely with SAF/GCQ to develop AFFARS language that addresses the fiscal law aspects of award term that apply to other than ID/IQ contracts. In the interim, award term should be limited to ID/IQ contracts (not including contracts for advisory and assistance services) with the following conditions:

- a. All potential award term periods must be synopsisized with the basic contract requirement and the proposed price or estimated cost of each award term period must be evaluated during the initial competitive acquisition.
- b. The contract must specify the maximum timeframe in which the ordering period of the contract may be extended.
- c. If the award term provision allows for a reduction in ordering period as a result of a negative award term determination, this must be clearly stated in the synopsis.

Contracting officers should work closely with their local Staff Judge Advocate (SJA) and MAJCOM contracting staff when formulating acquisition strategies that include award term. In addition, Contracting officers and SJAs should carefully review any award term provision written prior to this policy to ensure all potential fiscal issues have been addressed. The SAF/AQC point of contact for award term is Lt Col Harold Cunningham, SAF/AQCP, DSN 425-7056, Comm (703) 588-7056, e-mail haroldc@pentagon.af.mil.


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