



POLICY FLASH 2007-10

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DATE: March 12, 2007

TO: Procurement Directors

FROM: Office of Procurement and Assistance Policy, MA-61
Office of Procurement and Assistance Management

SUBJECT: Federal Acquisition Regulation—Federal Acquisition Circulars 2005-14 and 15

SUMMARY: These Federal Acquisition Circulars were issued November 22 and December 12, 2006. They were published at pages 67770 and 74656 of the *Federal Register*. An addendum to FAC 2005-15 was published February 13, 2007 at page 6882 of that day's *Federal Register*.

FAC 2005-14 primarily concerns Free Trade Agreement adjustments and a technical amendment. It includes a final rule implementing Homeland Security Presidential Directive 12. The final rule includes a clause to be used if contractors are to be permitted access to a Federal facility and issued a Federal facility identification badge. This clause should be used in place of the clause specified in Acquisition Letter 2005-10 which is canceled. Separate procedures apply to management and operating and other facility management contracts as described in DOE N 206-3 and its Contractor Requirements Document, which was extended by DOE N 251-67. Acquisition Letter 2005-16 will remain in effect, including the contract clause specified therein for contracts other than management and operating contracts under which contractor employees will require a security badge allowing access to a DOE facility.

FAC 2005-15 concerns commercial and non-commercial time and material or labor hour types of contracts and a technical amendment. It revises the current coverage as follows:

- Non-commercial services – The primary difference in this revised coverage is the pricing and payment for labor. If a contract is not based on competition the contractor must separately identify and price labor rate categories for itself and each subcontractor furnishing labor. If a contract is based on competition, the contractor may, instead, use blended rates which are valid regardless of the source providing the labor.

- Commercial services – This new coverage is for competitive acquisitions, either full and open competition or limited competition where there are still 2 or more competitors. It features the blended rate for labor hours discussed in the case above. It is intended that competition will ensure reasonable pricing of these rates.

The Defense Acquisition University has developed a refresher course to familiarize acquisition personnel with these changes to the time and materials/labor hour types of contract. It is available at <https://learn.dau.mil/html/clc/Cle.jsp>.

A summary of changes in FAC 2005-14 and 2005-15 is attached. This Flash 2007-10 will be available online within a day, at the following website:

http://management.energy.gov/policy_guidance/policy_flashes.htm.

Questions regarding this Policy Flash may be referred to Richard Langston at (202) 287-1339 or Richard.Langston@hq.doe.gov.



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Attachment