

Reclamation Manual

Directives and Standards

Subject:	Reclamation Standard Water-Related Contract Articles, Standard Article 1: Contracts with Third Parties
Purpose:	To provide requirements for the content and application of Standard Article 1: Contracts with Third Parties (Standard Article 1), for the benefit of supporting general policy and specific requirements set forth in Reclamation Manual Policy PEC P10, <i>Reclamation Standard Water-Related Contract Articles</i> (PEC P10).
Authority:	The Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), and acts amendatory and supplementary thereto; 40 U.S.C. §§ 3131 – 3133 ¹ ; 48 C.F.R. § 28.102 (Federal Acquisition Regulations or FAR).
Approving Official:	Director, Policy and Administration
Contact:	Water and Environmental Resources Division, 84-55000

1. **Introduction.** This Directive and Standard provides the text for Standard Article 1 and addresses related requirements. Paragraph 6 of PEC P10 indicates which contracts require Standard Article 1. In general, Standard Article 1 is required in contracts that authorize the contractor to undertake construction activities for the Bureau of Reclamation and to enter into third-party contracts for that purpose. It sets bonding and competitive bidding and selection requirements for third-party contracts, in accordance with the FAR.
2. **Applicability.** This Directive and Standard applies to Reclamation staff and officials involved in the contracting process, as defined at Paragraph 3.A of PEC P10, for contracts requiring Standard Article 1 under Paragraph 6 of PEC P10.
3. **Definitions.** See Paragraph 3 of PEC P10 and the FAR at 48 C.F.R. § 2.101.
4. **Responsibilities.** See Paragraph 4 of PEC P10.
5. **Text of Standard Article 1.**

CONTRACTS WITH THIRD PARTIES²

(a) The Contractor shall advertise each construction (as “construction” is defined in the Federal Acquisition Regulations (FAR) at 48 C.F.R. § 2.101), equipment, or supply contract

¹Formerly cited as 40 U.S.C. § 270a, et seq. The provisions in the cited sections were enacted by various public laws over time, including the Miller Act of 1935 (ch. 642, 49 Stat. 793) and subsection 4104(b) of the Federal Acquisition Streamlining Act of 1994 (Pub. L. 103-355, Title IV).

²Approved 02/71; revised 11/84; input 10/89; revised 01/02; revised 04/10.

Reclamation Manual

Directives and Standards

exceeding \$25,000 (twenty-five thousand dollars) for competitive bidding. Any action proposed by the Contractor other than making the award to the lowest responsible bidder shall be subject to the Contracting Officer's approval.

(b) For all construction contracts exceeding \$100,000 (one hundred thousand dollars), the Contractor shall require construction contractors to furnish performance and payment bonds, each in amounts equal to at least 100 percent of the contract price.³ For construction contracts exceeding \$30,000 (thirty thousand dollars), but not exceeding \$100,000 (one hundred thousand dollars), the Contracting Officer shall select at least two of the payment protections set forth in the FAR at 48 C.F.R. § 28.102-1(b)(1), and the Contractor shall require the construction contractor to secure one of the selected protections. Supply and equipment contractors may be required to furnish performance bonds on supply or equipment contracts exceeding \$100,000 (one hundred thousand dollars) when the contract calls for substantial progress payments before delivery of end items.

(c) The United States shall not be a party to or obligated in any manner by contracts entered into between the Contractor and other parties pursuant to this contract.

³Performance and payment bond criteria for construction contracts are provided in 48 C.F.R. § 28.102.