

CHANGE REQUEST COVER SHEET

Change Request Number: 09-84

Date Received: 7/21/2009

Title: Addition of Requirements Surrounding the Contractor Acceptance Inspection (CAI)

Name: Jeffrey Baker

Phone: 202-493-5723

Policy OR Guidance: Guidance

Section/Text Location Affected: AMS Procurement Guidance T3.8.7

Summary of Change: (1) Addition of Requirements in AMS Surrounding the Contractor Acceptance Inspection (CAI). (2) Revision of AMS Clause to add guidelines around final acceptance and the deobligation of excess funds. (3) Addition of a sample CAI letter to Procurement Toolbox- Templates and Samples.

Reason for Change: To provide standardization and guidelines to the procurement office and CO portion of the CAI process.

Development, Review, and/or Concurrence: AJA-43, AJA-431, AGC, ARC, AFM

Target Audience: FAA Acquisition Workforce

Potential Links within FAST for the Change: None

Briefing Planned: No

ASAG Responsibilities: None

Potential Links within FAST for the Change: None

Links for New/Modified Forms (or) Documents (LINK 1)

Links for New/Modified Forms (or) Documents (LINK 2)

Links for New/Modified Forms (or) Documents (LINK 3)

SECTIONS ADDED:

Procurement Guidance:

T3.8.7 Construction Contracting

Construction Contracting

Section 10 : Contract Acceptance Inspection (CAI) [\[New Content\]](#)

SECTIONS EDITED:

Procurement Guidance:

T3.8.7 Construction Contracting [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.8.7 Construction Contracting

Construction Contracting

Section 7 : Planning and Pre-Solicitation [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.8.7 Construction Contracting

Construction Contracting

Section 11 : Contract Completion/Closeout [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

SECTIONS ADDED:

Procurement Guidance:

T3.8.7 Construction Contracting

Construction Contracting

Section 10 : Contract Acceptance Inspection (CAI)

a. *Definitions:*

(1) *Contract Acceptance Inspection (CAI)*: Formal inspection by the Project Implementer of a constructed facility when work under the contract is considered to be substantially complete. The CAI is typically requested by the prime contractor and coordinated with the Project Implementer.

(2) *Joint Acceptance Inspection (JAI)*: The JAI is an activity to gain consensus of all involved groups that projects for facility, system, or equipment establishment, improvement, or relocation are completed in accordance with national criteria and that the facility is capable of performing its advertised functions.

(3) *Project Implementer (PI)*: The PI is the FAA organization implementing the project, although funding may be provided by other organizations. In most cases this will be ATO Technical Operations (ATO-W) Engineering Services.

b. *Contract Acceptance Inspection (CAI)*. The Project Implementer, usually a Contracting Officer's Technical Representative (COTR) appointed in ATO-W Engineering Services and delegated by the Contracting Officer (CO), is responsible for formally inspecting a constructed facility from the construction or equipment installation contractor and recommending acceptance or non-acceptance to the CO. This inspection is typically conducted before the beginning of JAI.

c. The CO's responsibility is to formally accept the constructed facility. The CO must notify the contractor when a CAI has been completed and work under a contract has been either accepted or rejected. This should be done through the CAI letter (see Procurement Forms) that describes:

- (1) What is being accepted from the contractor (item and description);
- (2) The acceptance date of the item; and
- (3) Any outstanding commitments the contractor has for the item (e.g. punch list items, warranties, etc.).

d. All CAI letters and associated information should be filed in the official contract file. This documentation is used to support completion of the contract, and to provide data to properly capitalized items.

SECTIONS EDITED:

T3.8.7 Construction Contracting (Revision 2, January 2009)

Old Content: Procurement Guidance:

T3.8.7 Construction Contracting (Revision 2, January 2009) New Content: Procurement Guidance:

T3.8.7 Construction Contracting Red Line Content: Procurement Guidance:

T3.8.7 Construction Contracting (~~Revision 2, January 2009~~)

Section 7 : Planning and Pre-Solicitation

Old Content: Procurement Guidance:

*T3.8.7 Construction Contracting
Construction Contracting*

Section 7 : Planning and Pre-Solicitation

a. *Independent Government Cost Estimate.* For anticipated procurement actions (to include modifications) for construction of \$100,000 or more, an Independent Government Cost Estimate (IGCE) will be prepared by the requiring organization and submitted to the CO with the purchase request. The CO may require an IGCE for those procurement actions (to include modifications) for construction anticipated to be \$100,000 or less.

b. *Type of Contract and Pricing.* Generally, construction should be acquired on a firm-fixed price basis. Pricing may be on a lump sum basis (when a lump sum is paid for the total work or defined parts of the work), on a unit price basis (when a unit price is paid for a specified quantity of work units), or using a combination of the two.

c. *Security.*

(1) The CO must ensure that the form was approved by the Servicing Security Element (SSE) responsible for the site of the project.

(2) The CO must include in the solicitation, and complete where necessary, the applicable security clauses for the project based upon the determination(s) approved by security on FAA Form 1600.77.

(3) *Sensitive Unclassified Information (SUI).* At times construction projects may require the contractor to have access to information or data that has been determined by FAA to be withheld from public release. SUI includes the categories For Official Use Only (FOUO) and Sensitive Security Information (SSI), and may involve items such as security system specifications or emergency response plans. When any items, such as data, plans, or specifications, have been designated as SUI, COs must ensure the release of such information to contractors is done according to FAA standards and procedures. Refer to AMS Procurement Guidance T3.14.1, FAA Order 1600.75, or SSE for applicable standards and procedures for the proper release of SUI.

d. *Options.* If in FAA's best interest, COs may include options in construction contracts. Solicitations must state whether options will or will not be evaluated for purposes of award. Appropriate use of options in construction contracts includes:

(1) Additional work is anticipated but sufficient funds are not anticipated or available prior to the time of award, and it would not be in FAA's best interest to award a separate contract or have another contractor work on the site; and

(2) If fixed building equipment is installed under the contract and it would be in FAA's best interest to have the installer maintain and service the equipment during the warranty period.

e. *Property.* Before issuing the solicitation, the CO must document if materials for the project will be Government Furnished Property (GFP) or furnished by the contractor. The requiring organization prepares the GFP list, and the list must be included in the solicitation to ensure that any proposals received account for the source of project material.

f. *Insurance.* If in the best interest of FAA, the CO may require the contractor to carry insurance, especially if the work is to be done on an FAA facility or FAA property is involved. The CO must ensure the contractor submits all required insurance documents and the documents are acceptable before issuing the notice to proceed (NTP). An original copy of the proof of insurance must be retained in the contract file.

g. *Bonds.* Per the Miller Act (40 U.S.C.A Section 3131), performance and payment bonds are required for all construction contracts that exceed \$100,000. The amount of the bonds should reflect the minimum amount required to protect FAA interests. An original copy of any bond

must be retained in the contract file. The CO will not issue the NTP until required bonds have been received.

h. *Source Evaluation Plan.* The CO's method of selection and evaluation criteria must be documented in the contract file. This may be done by establishing an evaluation plan as described under Complex and Noncommercial Source Selection (See AMS 3.2.2.3).

i. *Basis for Award.* Award may be based on the lowest price, technically acceptable offer when best value is expected to result from a technically acceptable proposal with the lowest price.

(1) All evaluation factors (non-cost) that will be used to determine if an offeror is technically acceptable will be set forth in the solicitation.

(2) The solicitation must specify that award will be made to the lowest priced offer meeting or exceeding the acceptability standards for non-cost factors.

(3) Tradeoffs are not permitted.

(4) Non-cost factors are used to evaluate acceptability and not to rank proposals.

(5) Discussions regarding proposals may occur.

j. *Differing Site Conditions.* The purpose of the "Differing Site Conditions" clause is to encourage offerors to limit inclusion of contingency costs in their offers for conditions that are not reasonably foreseeable. The clause will also assist FAA and the contractor in complying with the Archaeological Resources Protection Act of 1979 (36 CFR 1214).

k. *Construction Moratoriums.* When in the planning stages of a construction project, the procurement team must consider any impacts construction moratoriums may have upon the project and its related schedule.

l. *Disclosure of the Size of Construction Projects.* When the estimated price of the proposed construction project is \$100,000 or more, public announcement (if required) and SIRs should state the size of the requirements in terms of a physical description of the project and the estimated price. The estimated price may be described in a price range as determined by the procurement team or in terms of one of the following price ranges:

(1) Between \$50,000 and \$100,000;

(2) Between \$100,000 and \$250,000;

(3) Between \$250,000 and \$500,000;

(4) Between \$500,000 and \$1,000,000;

(5) Between \$1,000,000 and \$5,000,000;

(6) Between \$5,000,000 and \$10,000,000; or

(7) More than \$10,000,000.

m. *Environment and Conservation.*

(1) If a CO becomes aware of contractor noncompliance with environmental standards (to include clean air and water standards), the CO is to notify FAA officials and the Environmental Protection Agency (EPA).

(2) The CO has a responsibility to help coordinate and ensure that any hazardous materials present or introduced during the performance of a contract are appropriately managed and tracked.

(3) Products used for a project must adhere to agency goals established in FAA's Affirmative Procurement Program (APP), and each contract must include APP compliance provisions to ensure the contractor understands applicable FAA energy conservation and recovered material, or recycled content product, standards.

(4) Refer to AMS Procurement Guidance T3.6.3 for additional guidance on the protection of the environment and proper conservation during construction contracts.

n. *Subcontracting Plan.* When a project is expected to exceed \$1 million and subcontracting opportunities exist, the CO should include provisions for a small business subcontracting plan in the solicitation.

o. *Patent and Data Rights.* The CO should ensure appropriate patent and data rights clauses are included in the solicitation when the project is for other than standard types of construction and may involve unique products, materials, or processes.

p. *Value Engineering.* Value engineering provisions in the solicitation may be appropriate to allow the contractor to initiate changes in design, specifications, or other requirements and share in any savings that may result.

New Content: Procurement Guidance:

T3.8.7 Construction Contracting

Construction Contracting

Section 7 : Planning and Pre-Solicitation

a. *Independent Government Cost Estimate.* For anticipated procurement actions (to include modifications) for construction of \$100,000 or more, a signed and rationally supported Independent Government Cost Estimate (IGCE) will be prepared by the requiring organization and submitted to the CO with the purchase request. The CO may require an IGCE for those procurement actions (to include modifications) for construction anticipated to be \$100,000 or less.

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acceptable before issuing the notice to proceed (NTP). An original copy of the proof of insurance must be retained in the contract file.

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Section 11 : Contract Completion/Closeout

Old Content: Procurement Guidance:

T3.8.7 Construction Contracting

Construction Contracting

Section 11 : Contract Completion/Closeout

Prior to final payment, the CO must ensure:

- a. Receipt of all required warranty documentation;
- b. Return of issued ID media (Badges, etc);
- c. Receipt of any state tax exemption certificates or completion statements as required from the contractor;
- d. Certification that all government property has either been utilized in the performance of the contract or returned to the FAA;
- e. Confirmation from the requiring organization that the job has been completed as contracted;
- f. Receipt of any other applicable items required from the contractor that are unique to the procurement; and
- g. Receipt of a final release of claims on file signed by the contractor for the final amount of the contract.

New Content: Procurement Guidance:

T3.8.7 Construction Contracting

Construction Contracting

Section 11 : Contract Completion/Closeout

- a. A construction or installation project must be considered physically and financially complete and funds deobligated, when necessary, within one year after the final acceptance and inspection (e.g., CAI) has been completed.
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(1) Receipt of all required warranty documentation;

(2) Return of issued ID media (Badges, etc);

- (3) Receipt of any state tax exemption certificates or completion statements as required from the contractor;
- (4) Certification that all government property has either been utilized in the performance of the contract or returned to the FAA;
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