



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
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WASHINGTON DC 20350-1000

OCT 28 2008

MEMORANDUM FOR HEADS OF CONTRACTING ACTIVITIES

**Subj: DETERMINATIONS FOR AWARD OF TASK OR DELIVERY ORDER
CONTRACTS TO A SINGLE SOURCE**

Ref: (a) DASN(A&LM) memorandum of June 27,2008

Reviews by the Government Accountability Office found that a significant number of task and delivery orders contracts are awarded to a single source. The Acquisition Advisory Panel, chartered under the Services Acquisition Reform Act of 2003, also identified award of task and delivery order contracts to a single source as an area needing improvement. Award of task and delivery order contracts to a single source frequently eliminates competitive pressures in pricing of individual orders and are inconsistent with the goals of the statutory preference for multiple awards.

Section 843 of the National Defense Authorization Act for Fiscal Year 2008 stipulates that no task or delivery order contract in excess of \$100,000,000 may be awarded unless the Head of the Agency determines in writing that the award meets one of four criteria. Reference (a) implemented this requirement and established Department of the Navy policy that single awards of task or delivery order contracts below the \$100 million threshold require Head of the Contracting Activity (HCA) approval.

Based on subsequent discussions and considerations, the following categories of contracts below \$100 million are exempt from the reference (a) requirement for review of single award of task or delivery order contracts:

- a. Competitively awarded contracts which provide only for firm, fixed unit price task or delivery orders for products or services where unit prices are established in the contract.
- b. Only one qualified offer received under a competitive solicitation [the circumstances for award must be addressed in the business clearance];
- c. Contracts for Foreign Military Sales awarded to a directed source;
- d. Requirements contracts supported by approved acquisition plans/strategies;
- e. Contracts supported by a sole source Justification and Approval under FAR Part 6;
- f. Sole source contracts awarded under Section 8(a) of the Small Business Act; and
- g. Contracts with a total estimated value less than \$5.5 million.

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In the case of "hybrid" contracts, where the overwhelming preponderance of the work is defined but the contract contains ordering provisions for supplies/services incidental to the overall effort, the threshold for review is based on the estimated value for those incidental supplies/services.

The restrictions on delegations in reference (a) are removed.

Chief of Staff/Policy
For DASN(A&LM)

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