

1815.404-471-6 Modification to structured profit/fee approach for non-profit organizations.

(a) The structured approach was designed for determining profit or fee objectives for commercial organizations. However, the structured approach must be used as a basis for arriving at profit/fee objectives for nonprofit organizations (FAR subpart 31.7), excluding educational institutions (FAR subpart 31.3), in accordance with paragraph (b) of this section. It is NASA policy not to pay profit or fee on contracts with educational institutions.

(b) For contracts with nonprofit organizations under which profit or fee is involved, an adjustment of up to 3 percent of the costs in Block 13 of NASA Form 634 must be subtracted from the total profit/fee objective. In developing this adjustment, it is necessary to consider the following factors:

- (1) Tax position benefits;
- (2) Granting of financing through letters of credit;
- (3) Facility requirements of the nonprofit organization; and
- (4) Other pertinent factors that may work to either the advantage or disadvantage of the contractor in its position as a nonprofit organization.

[65 FR 45306, July 21, 2000]

1815.404-472 Payment of profit or fee under letter contracts.

NASA's policy is to pay profit or fee only on definitized contracts.

[65 FR 12485, Mar. 9, 2000]

1815.406 Documentation.**1815.406-1 Prenegotiation objectives. (NASA supplements paragraph (b))**

(b)(i) Before conducting negotiations requiring installation or Headquarters review, contracting officers or their representatives shall prepare a prenegotiation position memorandum setting forth the technical, business, contractual, pricing, and other aspects to be negotiated.

(ii) A prenegotiation position memorandum is not required for contracts awarded under the competitive negotiated procedures of FAR 15.3 and 1815.3.

1815.406-170 Content of the prenegotiation position memorandum.

The prenegotiation position memorandum (PPM) should fully explain the contractor and Government positions. Since the PPM will ultimately become the basis for negotiation, it should be structured to track to the price negotiation memorandum (see FAR 15.406-3 and 1815.406-3). In addition to the information described in FAR 15.406-1 and, as appropriate, 15.406-3(a), the PPM should address the following subjects, as applicable, in the order presented:

(a) Introduction. Include a description of the acquisition and a history of prior acquisitions for the same or similar items. Address the extent of competition and its results. Identify the contractor and place of performance (if not evident from the description of the acquisition). Document compliance with law, regulations and policy, including JOFOC, synopsis, EEO compliance, and current status of contractor systems (see FAR 15.406-3(a)(4)). In addition, the negotiation schedule should be addressed and the Government negotiation team members identified by name and position.

(b) Type of contract contemplated. Explain the type of contract contemplated and the reasons for its suitability.

(c) Special features and requirements. In this area, discuss any special features (and related cost impact) of the acquisition, including such items as—

- (1) Letter contract or precontract costs authorized and incurred;
- (2) Results of preaward survey;
- (3) Contract option requirements;
- (4) Government property to be furnished;
- (5) Contractor/Government investment in facilities and equipment (and any modernization to be provided by the contractor/Government);
- (6) Any deviations, special clauses, or unusual conditions anticipated, for example, unusual financing, warranties, EPA clauses and when approvals were obtained, if required; and
- (7) Any risk management issues, *e.g.*, mission success, safety, occupational health, information technology, export