



CIVIL AIR PATROL
NATIONAL HEADQUARTERS
MAXWELL AFB AL 36112-6332

CAP REGULATION 70-1

18 AUGUST 2005

Contracting Management

CIVIL AIR PATROL ACQUISITION REGULATION

This regulation fulfills requirements contained in OMB Circular A-110 as implemented by the DoD Grants and Agreements Regulation (DoDGAR) and the Cooperative Agreement with the Air Force. It provides CAP personnel definitive reference on the acquisition process, from requisition to contract closeout for purchases. The system is designed to be responsive to mission needs and requirements and will ensure contracts are awarded in the best interests of CAP. It creates an environment in which Contracting and the requiring agency are a team working together toward a common goal. This regulation applies to CAP National Headquarters, all Corporate officers, regions, and wings. Section A, General and Administrative, provides customers with information to prepare and submit requisitions. It also contains priority designators and their corresponding purchasing lead-times. **Note: Shaded areas identify new or revised material.**

Unless otherwise noted, all actions defined in Sections A through D pertain to acquisitions using federal appropriated funds. Section E pertains to acquisitions using corporate funds.

No regulation, no matter how comprehensive can cover everything. In those instances where no guidance exists, Contracting personnel use sound judgment and good business acumen in making the acquisition.

Your suggestions are welcome. Submit them in writing to the Chief, Contracting Management (LGC).

SUMMARY OF CHANGES.

This revision is composed primarily of administrative changes. An annual limit of \$25 per person was added to Section A, Chapter 1 covering acceptance of promotional items. Several Chapters in Section B were combined into one entitled Contract Maintenance Policy and Procedures. Reference to FebBizOpps was removed from Section C, Chapter 1. A new chapter, Sale of Assets, was added to Section D and remaining sale procedures modified to recognize electronic auctions as a permissible means of conducting sales.

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SECTION A—GENERAL AND ADMINISTRATIVE

CHAPTER 1—PURCHASE DESCRIPTIONS, APPROVALS, RATIFICATIONS AND STANDARDS OF CONDUCT

1-1. PURPOSE. This section establishes categories of purchases, approvals, ratification procedures, and standards of conduct.

1-2. PROCEDURES.

a. Contracting is responsible for executing acquisitions in support of CAP.

b. The requestor is responsible for providing a complete commercial description and special shipping instructions, if any, for the item or service required. This includes functions to be performed or performance required, range of acceptable characteristics, or minimum acceptable standards. The requestor will:

- 1) Justify any characteristics inhibiting full and open competition.
- 2) List salient characteristics when using brand name description.
- 3) To the extent practical and economically feasible:
 - a) Use the metric system of measurement.
 - b) Specify products and services that conserve natural resources, protect the environment, and are energy efficient.

c. Obtaining Approvals.

1) It is the requestor's responsibility to obtain all required approvals, conduct or initiate any lease vs. purchase analysis, ensure the request is within prescribed limitations, and route the request through proper channels. Contracting is not responsible in the event approvals, studies, limitations, and/or routing are later found to be in error. Among the items requiring approval/coordination are:

- a) Computer hardware or software, including licenses, services, or consultant work requires NHQ CAP/IT approval.
- b) Printing services require NHQ CAP/LG approval.
- c) Aircraft major maintenance requires NHQ CAP/LGM approval.
- d) Vehicle purchases or repairs require NHQ CAP/LGT approval.
- e) Communications equipment or services require NHQ CAP/DO approval.
- f) Aircraft purchases (new or used) require NHQ CAP/DO approval.
- g) Clothing and novelty items require CAPMart coordination.

2) Contracting will make available for pre-award review by any federal agency, if requested, any acquisition exceeding the simplified acquisition threshold (currently \$100,000) if:

- a) The award is to be made without competition or only one offer is received.
- b) The description specifies a "brand name" product.
- c) The award will be made to other than the low bidder under sealed bid procurement.
- d) There is any contract change.

d. Requisitioning.

1) The requestor enters all requests into the National Headquarters' automated system, Navision. Until off-site agencies gain access to Navision, requestors will submit requirements through their department, NHQ CAP program manager, or NHQ CAP/FM for system input. Requestors will include a statement of fund availability unless acquisition is HQ funded.

2) Requisition Prioritization.

a) There are three priorities:

1 Priority A – Mission/Operational Impact: Must be purchased immediately to alleviate a critical condition, i.e., grounded aircraft, safety concern, etc.

2 Priority B – Mission/Operations Hindered: Must be purchased quickly to alleviate a serious condition, i.e., vehicle repair, computer repair, etc.

3 Priority C – Routine: Stock Replenishment: Regular or recurring purchases of supplies, equipment, or services.

4 Requisitions that do not cite a priority designator are treated as Routine.

b) While customers determine their priorities, there are some basic guidelines:

1 Neither poor planning nor expiring funds is an excuse for using a high priority.

2 Setting higher priorities than necessary slows down the process for everyone.

3 Requirements exceeding \$100,000 take longer to process regardless of priority.

c) Purchasing lead-times for purchases under \$100,000:

1 Priority A – Average less than 3 days per purchase

2 Priority B – Average less than 7 days per purchase

3 Priority C – Average less than 20 days per purchase

d) Lead-times for purchases exceeding \$100,000 will average 30-60 days.

3) Splitting requirements to avoid the various acquisition thresholds, i.e., micropurchase, competitive, simplified acquisition, is strictly prohibited.

e. Ratifications.

1) Ratification is the approval of an otherwise authorized purchase made by an unauthorized person. It can only occur if:

- a) The item(s) or services are authorized for purchase.
- b) The unit is authorized to have the item(s) or services.
- c) Sufficient funds are available to cover the cost.
- d) The price is fair and reasonable.

2) When a ratification action is necessary, CAP personnel will:

- a) Prepare the appropriate purchase request form.
- b) Submit a memorandum to LGC. It will include:
 - 1 Circumstances leading to the unauthorized purchase.
 - 2 Action taken to prevent recurrence.
 - 3 Signature by the department director or the commander having jurisdiction.
- c) The Director, Logistics approves/disapproves ratifications:

1 If approved, it is sent to Contracting for purchase action.
 2 If disapproved, it is returned to the sender with an explanation for the disapproval. The individual responsible for the act makes restitution to the vendor for disapproved ratifications.

f. General Counsel Review.

1) Review will be obtained for the following:

- a) Open market purchases in excess of the simplified acquisition threshold including contract changes.
- b) Purchase related documents requiring signature by Executive Director or Senior Director, Strategic Communications and Plans.
- c) Facilities projects.
- d) Notices of termination for acquisitions exceeding the simplified acquisition threshold.
- e) Issues involving standards of conduct.
- f) Contractor disqualifications for acquisitions exceeding the simplified acquisition threshold.
- g) As otherwise required by this regulation or when deemed necessary by the Chief, Contracting Management.

2) Review and comments are documented in the file being reviewed.

g. Standards of Conduct.

1) Contracting personnel as well as individuals who interact with vendors are expected to conduct themselves in a professional manner at all times. Personnel shall avoid a conflict of interest or the appearance of a conflict of interest. Such a conflict arises when the employee, officer, or agent, any member of his or her immediate family, his or her partner or an organization which employs, or is negotiating employment with any of the parties indicated herein, has a financial or other interest in the firm selected for award.

2) The officers, employees, and agents of CAP shall neither solicit nor accept gratuities, favors, or anything of more than nominal value from contractors or parties to subagreements. Therefore, soliciting or accepting any gift, tickets, or passes to entertainment or sporting events, compensation, or other items of more than nominal value is strictly prohibited. For CAP, nominal value is limited to promotional items such as calendars, pens, pencils, cups, mugs, and other items available to the general public and having a monetary value less than \$25. No more than \$25 worth of items may be accepted per person per year.

3) CAP personnel shall not accept meals or transportation except in specially approved situations such as those cases where declining would be inappropriate. For example, a meal in a company sponsored cafeteria or transportation provided for a group would be acceptable.

4) Standards of conduct issues are reviewed by the Director, Logistics and forwarded to the Executive Director for determination of type of disciplinary action, up to and including termination of employment or recommendation that membership be revoked.

5) Nothing in these standards is intended to prohibit individuals not engaged in the award and administration of contracts from the legitimate corporate solicitation of funds or items of value such as donations, scholarships, grants, promotional giveaways, or items customarily associated with the operation of a nonprofit corporation. The solicitor should consult with General Counsel prior to any action.

1-3. RESPONSIBILITIES. Requestors are responsible for ensuring requests are on the proper form, funded, and meet the approval and limitation criteria as set forth in this regulation. Contracting is responsible for making the purchase.

1-4. CONTROL. The Chief, Contracting Management exercises overall supervision of purchases.

CHAPTER 2—SOURCES OF SUPPLY

2-1. PURPOSE. This section provides Contracting with criteria for selecting sources. (See Chapter A5.)

2-2. PROCEDURES.

- a. When authorized, CAP may use existing government contracts subject to the rules governing their use.
- b. Cadet uniforms are purchased by HQ CAP/LGS from Army/Air Force Exchange Service.
- c. Vendors are excluded from competing for any procurement in which they participated through development or drafting of specifications, requirements, statements of work, or invitations for bid and/or requests for proposals. This prohibition does not extend to vendors responding to market research inquiries from CAP personnel.
- d. Supplies/Equipment/Services competitive solicitations shall include at least one Small Disadvantaged Business (SDB), unless Contracting finds no known SDB sources that can meet the requirement. This requirement does not apply to Teardown and Quote (TDQ) solicitations.
- e. CAP employees shall not be solicited for purchases. This prohibition does not extend to CAP members working from their places of business. Members receive no preferential treatment in source selection. Every effort is made to avoid even the appearance of any impropriety when dealing with members. Obtain competitive quotes whenever possible.
- f. Vendor Management.

- 1) A listing of vendors is maintained in Navision.
- 2) Pre-qualification of vendors.

a) CAP/LGC judges vendors on quality and timeliness of product/service furnished as well as cooperation in resolving problems. Non-performers are either suspended or eliminated altogether depending on circumstances. No negative action is taken without first affording the vendor the opportunity to explain nonperformance.

b) A potential vendor with whom LGC has no history or no known reputation is asked to provide information relevant to capacity and credit. Recent references will be obtained and LGC will check this information before award to ensure vendor eligibility. Negative award determinations require approval by LG and GC. (Applies to open market actions in excess of \$100,000.)

- 3) Vendor acceptability (once Navision software is modified).

a) A one-position alpha code is used to evaluate vendors based on their ability to meet the following requirements: product/service quality, delivery dependability and cooperation in resolving problems. Codes input to Navision are:

CODE

A	All requirements met
B	No requirement met
C	Product/Service quality not met
D	Delivery time not met
E	Problem resolution not met
F	Product/Service quality and delivery time not met
G	Product/Service quality and problem resolution not met
H	Delivery time and problem resolution not met

b) A Navision-generated summary report of all awards to each vendor shall be evaluated annually by LGC. Questionable performers will have their files reviewed and may be put on notice. If problems persist, the vendor is subject to elimination from the vendor file.

- 4) Removing vendors.

- a) Vendors may be removed if they fail to respond to three or more consecutive solicitations.
- b) Removal of woman-owned or disadvantaged firms require LGC concurrence.

- 5) Suspended vendors.

a) In addition to the General Service Administration’s *List of Parties Excluded from Federal Procurement and Nonprocurement Programs*, Contracting maintains records of vendors suspended locally.

b) LGC reviews list annually.

c) Firms on this list are not eligible to receive solicitations or awards unless warranted by compelling circumstances documented in the file and approved by LG and GC.

2-3. RESPONSIBILITIES. Contracting personnel are responsible for insuring the procedures in this section are followed.

2-4. CONTROL. The Chief, Contracting Management is responsible for overall management of sources of supply.

CHAPTER 3—JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

3-1. PURPOSE. This section provides procedural guidance for preparing justifications limiting competition for open market acquisitions in excess of \$100,000. For purchases under \$100,000, see Section B, Chapter 1.

3-2. PROCEDURES.**a. Definitions.**

- 1) Sole Source - any open market acquisition when only one source is to be solicited.
- 2) Brand Name - any open market acquisition where only a particular brand will meet the minimum needs of the requestor.
- 3) Competition is two or more competitively priced offers and is required on all open market acquisitions in excess of \$100,000 unless otherwise justified. A signed memorandum setting forth the method(s) used in determining price reasonableness is required for non-competitive awards exceeding \$25,000. The memo requires LGC approval.

b. Sole Source.

1) Sole source is used only when free and open competition is not practical. It is not used as a substitute for poor planning or as a means of obligating expiring funds. Some factors justifying sole source procurement are:

a) Only one responsible source has the capability/certification to provide the supplies/services within a specified period of time.

b) Only one source can satisfy the requirement. This includes NEC/NB/BoG corporate decisions to restrict purchases to a single vendor. The meeting minutes serve as written justification to support the acquisition and must include clear, convincing evidence that only one source can fulfill the requirement. The decision must make good business sense. Requestor provides a copy of the minutes as supporting justification.

c) Only one source/contractor possesses the unique capability (e.g., technical knowledge, manufacturing processes, special tooling or test equipment) to provide the requested supplies/services.

d) Vendor continuity is in the best interests of the corporation. This authority may be used for acquisitions such as corporate insurance, promotional items, consulting services, and where retaining the incumbent negates relocation or start-up/set-up charges, i.e. rental of facilities, printing, etc.

e) The need is urgent and compelling.

2) Except for corporate decisions referenced above, sole source justifications are prepared in letter format addressed to LGC. The requestor must submit clear and convincing evidence that only one source has the ability to fulfill the requirement. Sole source justification letters will address a), g) and h) below plus one or more from b) through f) below:

a) A brief non-technical description of the supplies/services to be acquired including statements as to the general application and particular significance/specialized character of the requirement and an estimate of the total cost of the acquisition.

b) A clear, concise statement regarding the circumstances necessitating sole source acquisition.

c) If urgency is cited as a circumstance requiring sole source, (mandated by law, congressional requirement, local or national emergencies) **explain** why only one contractor can meet the requirement.

d) Cite specific data required in the performance of the request for supply/services that is only available from one source and the significance of this data to the acquisition. The mere statement that proprietary data exists is not adequate.

e) Include the unique capabilities required for performance that are possessed by the source. State reasons why no other source has or can obtain these capabilities and why they are essential.

f) Provide any other rationale that necessitates a sole source acquisition.

g) Provide a concluding statement that the proposed sole source is the only known source that can satisfy the requirement. Statements such as "No other source(s) are considered qualified" shall not be considered a basis for sole source justification.

h) Provide a statement of actions taken to remove or overcome barriers to competition on subsequent acquisitions.

3) The Executive Director, Senior Director, Strategic Communications and Plans, department director/deputy; National Commander, or any member of the national staff, region or wing commander, as appropriate, sign sole source **request** letters. For sole source letters with in the LG Directorate, the appropriate Section Chief (LGM, LGS, LGT, etc) will sign the sole source letter.

4) The Director, Logistics reviews **and approves** sole source letters. Approved letters are forwarded to Contracting for purchase action and subsequent filing in the order file. Sole source letters support only one acquisition. Future acquisitions must have their own justification. Disapproved justifications are returned to the originator. The request for purchase is cancelled within three workdays after disapproval unless the requestor indicates otherwise.

c. Brand Name Purchase.

1) Brand name is used when there is a need to restrict the acquisition to a single brand regardless of the source of supply. Some factors which could justify brand name procurement are:

a) Genuine replacement parts are needed to ensure the integrity of the end item.

b) A parts stock for a particular brand is established and the cost of setting up and maintaining a second stock is not economical.

c) Use of a particular brand is mandated by regulation or directive.

2) Brand name justification letters need not be as detailed as sole source letters. As a minimum, they must set forth a description of the required item, the reason why only the brand name specified will meet minimum needs, and the estimated value of the acquisition. All statements must be supported by facts.

3) Brand name letters are signed by the chief/manager of the division/section/branch requesting the item except that letters supporting acquisitions estimated to exceed \$100,000.00 must be signed at the same level as Sole Source letters.

4) Forward brand name letters to LGC for review and approval/disapproval.

d. Price alone cannot justify either sole source or brand name.

3-3. RESPONSIBILITIES. Requestors prepare and submit letters. The Chief, Contracting Management ensures all limited competition procurement actions are completely justified and approved at the proper level prior to effecting procurement.

3-4. CONTROL. The Director, Logistics in coordination with the Chief, Contracting Management ensure "sole source" and "brand name" letters fulfill above stated criteria prior to approval.

CHAPTER 4—DELEGATION OF AUTHORITY

4-1. PURPOSE. This section establishes authority for signing purchase and purchase related documents.

4-2. PROCEDURES.

a. The Executive Director; Senior Director, Strategic Communications and Plans, and the Director, Logistics have authority to sign purchase and purchase related documents without regard to dollar limit.

b. The Chief, Contracting Management, has the authority to sign purchase and purchase related documents except:

- 1) Acquisitions are limited to \$5 million and below.
- 2) Ratifications.

c. The Contracting Specialist acquisition authority is limited to \$100,000 and below, except purchases of commercial items is limited to \$1 million and below.

d. The Contracting Technician acquisition authority is limited to \$100,000 and below.

e. The National Commander and Senior Staff, region and wing commanders' authority to make purchases is subject to availability of funds and other required approvals. Acquisitions in excess of \$25,000 require LGC and GC review prior to signature. (See Sec. D, Chapter 5 for Facilities Projects.)

f. Aircraft Maintenance and Transportation Program Managers' and Aircraft Technicians' authority is limited to purchases up to \$25,000 for authorized aircraft and vehicle parts, maintenance, and repair work.

g. The Chief, Contracting Management reviews documents prior to obtaining signatures from the Executive Director; Senior Director, Strategic Communications and Plans, or Director, Logistics.

h. Commercial items are defined as those items purchased by the general public for the same or similar use with little or no alterations to accommodate unique requirements.

4-3. RESPONSIBILITIES. Contracting personnel ensure documents have the proper signature authority and that sufficient funds are available.

4-4. CONTROL. The Director, Logistics is responsible for overall management of this procedure.

CHAPTER 5—PREFERRED VENDOR POLICIES

5-1. PURPOSE. This section establishes procedures for soliciting and awarding transactions to preferred vendors.

5-2. PROCEDURES.

a. Preferred Vendor Definitions.

1) Small Business (SB) - Independently owned and operated; not dominant in its field of operation; and the number of employees or average annual receipts do not exceed limits established in North American Industry Classification System (NAICS).

2) Small Disadvantaged Business (SDB) - A small business owned and/or controlled by one or more individuals who are socially or economically disadvantaged including African Americans, Asian-Indian Americans, Hispanic Americans, Native Americans, and Asian-Pacific Americans.

3) Woman Owned Business (WOB) - A small business that is owned and controlled by women who are United States citizens.

b. Small Business Specialist.

1) The Chief, Contracting Management is the Small Business Specialist for CAP.

2) Duties include:

a) Establishing procedures for utilizing SB/SDB/WOB firms.

b) Establishing guidance for buyers.

c. Guidance.

1) Self-certification is acceptable for determining the category and size of an offeror.

2) Protests of a small business representation of an offeror are only accepted from firms who submitted an offer on the solicitation. The protestor must submit clear, convincing, and factual evidence to support their protest. The Chief, Contracting Management, as the Small Business Specialist, rules on the merit of the protest.

5-3. RESPONSIBILITIES. The Small Business Specialist is responsible for this program.

5-4. CONTROL. The Director, Logistics exercises overall management supervision of these procedures.

CHAPTER 6—REPORTS

6-1. PURPOSE. This section establishes procedures for reporting awards by business type.

6-2. PROCEDURES.

a. Prior to the 5th of each month, the Contracting division submits a report is to the Executive Director and CAP-USAF/LG reflecting the dollar value on all transactions issued during the previous month. Open market actions, line items, and dollars awarded are consolidated and reported as awards to small, small disadvantaged, woman owned, and large businesses. Actions with government source, nonprofit, and utility vendors are reported but not factored into the percentages.

b. For reporting purposes, the month ends on the 25th or the next scheduled workday if the 25th is a weekend or holiday. The only exception is the month of September, which is carried through to the 30th.

c. Copies of all documents submitted are maintained in the Contracting office file.

d. Contracting reports are not designed to balance against reports generated by Accounting, Budget, or any other organization.

6-3. RESPONSIBILITIES. Contracting personnel are responsible for correct input of all transactions.

6-4. CONTROL. The Executive Director exercises overall management through the Director, Logistics and the Chief, Contracting Management.

CHAPTER 7—FORMS, PROVISIONS AND CLAUSES

- 7-1. PURPOSE.** This section establishes acquisition forms, provisions, and clauses for solicitations, purchase orders, and contracts.
- 7-2. PROCEDURES.** Acquisition forms, clauses, provisions, representations and certifications and other related documents are electronically maintained by the Chief, Contracting Management.
- 7-3. RESPONSIBILITIES.** The Chief, Contracting Management maintains currency of all documents.
- 7-4. CONTROL.** The Chief, Contracting Management exercises overall management.

CIVIL AIR PATROL

CHAPTER 8—PRODUCT DEMONSTRATIONS

8-1. PURPOSE. This section establishes procedures for accepting product demonstrations.

8-2. PROCEDURES.

- a. Definition: A product demonstration is a temporary, no-cost or liability loan of an item to CAP to test for suitability.
- b. Any vendor proposing a product demonstration must complete the Save and Hold Harmless Agreement at Tab 1.
- c. As a general rule, product demonstrations are limited to a maximum of 30 days. A longer period requires LGC review.
- d. Product demonstrations are not used to compensate for funding or equipment shortfalls.
- e. Items may be purchased in place after the demonstration, provided that they were new when placed or a waiver for new is signed by the director or wing commander.
- f. Purchases must conform to the requirements stated elsewhere in this regulation including sole source justification.
- g. All product demonstrations require approval by a corporate official.

8-3. RESPONSIBILITIES. Individuals receiving the product demonstration will complete the required form (Tab 1) and obtain signatures.

8-4. CONTROL. Department directors, National Commander, region and wing commanders approve and monitor demonstrations.

**PRODUCT DEMONSTRATION
SAVE AND HOLD HARMLESS AGREEMENT**

(insert company name), hereinafter referred to as vendor, agrees that the Civil Air Patrol, it's officers, employees and members, hereinafter referred to as CAP, are under no obligation now or in the future to purchase any product covered by this agreement.

The vendor agrees to save and hold harmless CAP from any and all costs associated with the demonstration, including those arising from damage or theft.

The parties agree the demonstration shall commence on *(insert date)* and end on *(insert date)*. NOTE: Any period longer than 30 days requires written justification from the receiver and NHQ CAP/LGC approval.

Description of Product covered by this agreement:

(Include make, model and serial number of equipment, condition, i.e., new, reconditioned, used, good, fair, etc., and make note of any dents marks or other flaws or blemishes.)

VENDOR SIGNATURE

CAP SIGNATURE (Corporate Officer Only)

PRINTED NAME

PRINTED NAME

ADDRESS

TITLE

CITY, STATE, AND ZIP

TELEPHONE NUMBER

TELEPHONE NUMBER

LGC APPROVAL (IF REQUIRED)

CHAPTER 9—ACQUISITION PLANNING

9-1. PURPOSE. This section provides guidance for planning of **non-recurring** acquisitions estimated to exceed \$100,000.

9-2. PROCEDURES.

- a. Advance planning is critical to ensure major acquisitions are timely, accurate, and complete.
 - b. Requiring activities notify the Chief, Contracting Management as soon as a requirement becomes known.
 - c. LGC, the requiring activity, and other interested parties will form a working group and meet to discuss the requirement, procurement strategy, lead-time, and other aspects relating to the purchase.
 - 1) The working group will accomplish the following steps to refine and define the requirement:
 - a) The requiring activity and other interested parties shall develop a clear and accurate description of technical requirements for the material, product, or service to be procured.
 - b) Ensure competitive procurements do not contain any features that unduly restrict competition.
 - c) LGC and the requiring activity shall develop requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposal.
 - d) Whenever practicable, the working group will develop a description of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
 - e) The working group will develop the specific features of “brand name or equal” descriptions that bidders are required to meet when such items are included in a solicitation.
 - f) **The working group will allow preference**, to the extent practicable and economically feasible, for products and services dimensioned in the metric system of measurement and for products and services that conserve natural resources, protect the environment, and are energy efficient.
 - 2) If a sole source or other restricted competition acquisition is planned, the requiring authority will prepare the necessary justification and obtain approval.
 - 3) The end result of this process is a requirements document. There is no mandated format for this requirements document, but it will become Section C of the solicitation and resulting contract.
 - d. **Unfunded Requirements.**
 - 1) Unfunded requirements are known requirements for which funds have not been allocated but are anticipated.
 - 2) If funding is highly likely, Contracting can issue a solicitation containing a Notice of Funds Availability. To preserve the integrity of the bidding process it is imperative award be made in the current fiscal year or within the first month of the new FY.
 - 3) Solicitation bid expiration is no earlier than October 31 of the following fiscal year.
 - 4) In lieu of submitting a purchase request the requestor prepares and submits a memorandum (**e-mail is acceptable**) to Contracting through Budget and other departments (see Sec A, Chapter 1) requesting advance contracting action. It includes the requirement and a statement that there is a high expectation of funds becoming available within a reasonable time.
 - 5) **The other departments coordinating on the memorandum referenced in the preceding paragraph** must approve the requirement as necessary and Budget must concur with likelihood of funding.
 - 6) Once funds become available, the requestor submits a purchase request before Contracting awards the acquisition.
 - 7) This process may begin as early as June of each year.
 - e. LGC cannot guarantee award for year-end requests received after these dates.
 - 1) Requirements in excess of \$100,000 – July 15
 - 2) Requirements under \$100,000 – August 31
- 9-3. RESPONSIBILITIES.** Requiring activities notify Contracting when requirements become known and prepare required documents. Contracting performs all related procurement functions.
- 9-4. CONTROL.** Requiring activities and Contracting are responsible for acquisition planning.

SECTION B–SIMPLIFIED PURCHASING**CHAPTER 1–ACCEPTANCE OF QUOTATIONS/LIMITING COMPETITION**

1-1. PURPOSE. This section establishes procedures and guidelines for limiting competition for open market acquisitions under the simplified acquisition threshold.

1-2. PROCEDURES.

a. Requests to limit competition should follow the same general format shown in Section A, Chapter 3. Sole source justifications need not be as detailed but must present a sound, logical reason for the action. Price alone is never a reason for sole source.

b. Solicitation of three or more vendors is good competition. If only one offer is received, Contracting determines if price is fair and reasonable.

1) Non-competitive acquisitions over \$25,000 require completion of the Small Purchase Pricing Memorandum.

2) For those below \$25,000, creation of the award documents is a positive determination.

c. If Contracting determines that all quotes are unreasonable, negotiations are conducted with each offeror in the competitive range.

d. When necessary to complete purchases immediately, give the supplier the purchase order number, shipping and billing instructions. The purchase order will contain a statement as follows: “Confirming order from (Name) to (Vendor’s Representative) on (Date). DO NOT DUPLICATE ORDER.”

e. Contracting reserves the right to reject any/all offers.

f. Prepayment is authorized where necessary.

1-3. RESPONSIBILITIES. Contracting ensures acceptance is in accordance with directives.

1-4. CONTROL. The Chief, Contracting Management exercises overall management and supervision through the Contracting Specialist and Technician.

CHAPTER 2—AWARD EVALUATION

2-1. PURPOSE. This section provides procedures for dividing awards when more than one low offer is received.

2-2. PROCEDURES. Purchases on one request for quotation may be divided when one or more of the following conditions exist:

- a. The offeror does not stipulate the offer is made on all or none basis.
- b. The offeror cannot supply all items or services listed on Request for Quote (RFQ).
- c. A substantial savings can be realized by making a split award.
 - 1) \$50 or more is the basis for determination for Blanket Purchase Order (BPO) calls.
 - 2) \$100 or more is the basis for determination for purchase orders.
- d. Issuance of two or more orders expedites delivery of all items required provided all prices are fair and reasonable.

2-3. RESPONSIBILITIES. Contracting is responsible for dividing awards when necessary.

2-4. CONTROL. The Chief, Contracting Management exercises overall management and supervision through the Contracting Specialist and Technician.

CHAPTER 3—MICROPURCHASES

3-1. PURPOSE. This section establishes micropurchase procedures.

3-2. PROCEDURES.

a. Micropurchase: Any supplies or services with an aggregate value less than corporate credit card limit for that organization. Higher thresholds are considered case-by-case based on written justification submitted to Chief, Budget and Analysis (FMB).

b. As with all other requirements the requestor is responsible for obtaining required approvals prior to making the purchase. As a minimum, requestor should coordinate purchase with department budget manager and director.

c. Micropurchases shall be made using the corporate credit card issued by the Director, Financial Management (FM), unless exempted.

d. The micropurchase program shall not be used for any of the following:

- 1) Cash advances.
- 2) Any purchase for personal use, regardless of intent to reimburse.
- 3) Subsistence.

e. Splitting requirements to avoid the maximum limitation is forbidden.

f. Unauthorized purchases are treated as ratifications. (See Section A, Chapter 1.)

g. Cardholders are responsible for timely submission (generally 5 workdays after statement receipt) to FM of their receipts and summary sheet. Failure to comply may result in loss of card.

h. Violations of the policies mentioned in paragraphs d through g above may result in the following actions subject to a determination by FM:

- 1) First offense: Counseling.
- 2) Second offense: Loss of card.

3-3. RESPONSIBILITIES. Requestors are responsible for purchases within the prescribed micropurchase limits. NHQ CAP/FM is responsible for controlling micropurchases.

3-4. CONTROL. FM controls the micropurchase program.

CHAPTER 4-DELINQUENT ITEMS

4-1. PURPOSE. This section provides procedures for follow-up on delinquent items.

4-2. PROCEDURES.

a. Open Purchase Requests. The office originating the request will notify LGC. LGC will then follow up on a delinquent open purchase request.

b. Awarded Purchase Requests:

1) Follow-up is performed on an exception basis.

a) Activities requesting the supplies or services are responsible for notifying Contracting of delinquencies by the 6th day following scheduled delivery date.

b) Upon notification of an apparently delinquent order, Contracting initiates follow-up action using either verbal or written communications. LGC will ensure all documentation detailing the actions taken is properly filed.

c) When continuing delivery problems are experienced the buyer should consult the Chief, Contracting Management.

2) When the vendor receives an extension and a new estimated delivery date (EDD) is established, LGC will notify the requestor.

4-3. RESPONSIBILITIES. Contracting ensures timely follow-up action and customer notification.

4-4. CONTROL. The Chief, Contracting Management manages the follow-up program.

CHAPTER 5—CONTRACT MAINTENANCE POLICY AND PROCEDURES

5-1. PURPOSE. This section establishes policy and procedures for the use of contract maintenance.

5-2. POLICY AND PROCEDURES.

a. POLICY.

1) Contract maintenance is maintenance and repair of material and equipment performed under contract by commercial vendors on a one time or continuing basis.

2) Each organization is responsible for delivering or arranging delivery of items to the repair source, and receiving, inspecting, and accepting the item after repairs are completed. The organization also maintains all warranty/guarantee information on new/repaired items.

3) LGC determines the most appropriate and economical method of contract maintenance.

4) If significant cost savings or other benefits can be realized, the Chief, Contracting Management authorizes prepayment of repair/maintenance orders.

b. PROCEDURES.

1) The requestor determines whether an item should be repaired or condemned.

2) Upon receipt of a properly completed request, Contracting approves the vendor selected or selects a vendor and notifies requestor to arrange transportation of the item, including preparation of any required shipping documents, unless on-site repair is necessary.

3) If quoted repair cost exceeds the Maximum Repair Allowance (MRA) or vendor recommends condemning, Contracting notifies the requestor. As a general rule, the MRA is 75 percent of the acquisition cost of a replacement item unless other regulations or directives prevail.

a) If requestor agrees to condemn the equipment, they make arrangements to have it returned from the vendor.

b) If requestor desires to proceed with the repairs, they prepare a written justification to CAP/LG explaining why the MRA should be exceeded. If LGC finds justification appropriate, LGC will authorize the repair.

4) If the quoted repair cost does not exceed the maximum repair allowance and price is fair and reasonable, Contracting authorizes repairs.

5) Aircraft and vehicle repair quotes are obtained by the wing or LGM/LGT. They are submitted to LGC for action except as provided in Section A, paragraph 4-2e.

c. PREVENTIVE MAINTENANCE AGREEMENTS.

1) PMAs are established for CAP owned equipment for which regular maintenance is required. They are written with commercial businesses offering the service and cover such items as regular inspections, intervening calls, emergency calls, and may include the cost of all parts and labor. The requestor recommends the extent of maintenance required on their request or in the statement of work. The user should request that the agreement start after expiration of the warranty.

2) Generally, PMAs are written with either the equipment manufacturer or the nearest authorized service center.

3) Contracting negotiates and awards PMAs to cover all requests for available commercial sources is when it is economical.

4) PMAs will include:

a) Description of item covered.

b) Extent and nature of coverage.

c) Pricing.

d) Service call response time (normally expressed in work hours).

e) Persons authorized to place calls, preferably by position rather than name.

5-3. RESPONSIBILITIES. Contracting is responsible for monitoring the contract maintenance system.

5-4. CONTROLS. The Chief, Contracting Management exercises overall management control.

CHAPTER 6-BLANKET PURCHASE ORDERS

6-1. PURPOSE. This section establishes procedures for Blanket Purchase Order (BPO) program. (NOTE: Current software limitations preclude the use of BPOs at this time.)

6-2. PROCEDURES.

a. BPOs are established with vendors by the issuance of a purchase order. The BPO establishes a charge account with selected vendors to provide supplies or services, or serves as a vehicle to pay recurring charges such as utility bills.

b. No individual action may exceed \$100,000.

c. The Chief, Contracting Management authorizes establishment of BPOs. As a minimum, consideration is given to such factors as frequency of use, administrative savings, and types of supplies or services required.

d. Contracting maintains files of documentation and transactions concerning each BPO. Files include as a minimum:

- 1) Copy of BPO.
- 2) Documents relating to each transaction.
- 3) Summary of expenditures.
- 4) Copies of any other correspondence generated pertinent to the order.

e. All other rules governing simplified purchase procedures, i.e. competition and price reasonableness apply.

f. The BPO must contain the following information:

1) BPOs are written for 1 year or less expiring on Sep 30. They may be used to acquire any supplies or services a vendor sells.

2) Prices charged by the vendor shall be as low or lower than those charged to the vendor's most favored customer for comparable quantities under similar terms and conditions.

3) No individual action against this BPO shall exceed \$100,000.

4) Obligations occur only to the extent of authorized purchases against this BPO. If funding threshold has been established for the BPO, the words "NOT TO EXCEED" appear above the order total.

5) Individuals Authorized to make transactions. Individuals in the following positions are authorized to utilize this BPO:

Director, Logistics
Chief, Contracting Management
Contracting Personnel

6) Deliveries must be accompanied by a delivery ticket/sales slip. This delivery ticket/sales slip must contain enough of the following data to identify the action and permit processing:

Name of vendor
BPO number
Itemized list of supplies or services furnished including quantities, unit price, and extended total
Date of delivery

7) An itemized invoice for each call or a summary invoice (monthly statement) is required for payment. Send invoice to:

NHQ CAP/FMF
105 S. Hansell St., Bldg 714
Maxwell AFB, AL 36112-6332

8) Delivery destination will be specified at time order is placed.

9) Either party may terminate this order by giving a written notice of its intent 30 days prior to the effective date of the termination. Unless otherwise specified, all undelivered actions remain in effect. All potentially hazardous material must be accompanied by a Material Safety Data Sheet (MSDS) upon delivery.

6-3. RESPONSIBILITIES. Contracting is responsible for proper procedures and computer inputs. Directors are responsible for proper requisitioning and resource management.

6-4. CONTROL. The Chief, Contracting Management is responsible for the BPO program.

CHAPTER 7—RECEIVING REPORTS

7-1. PURPOSE. This section establishes procedures for acknowledging receipt and acceptance of supplies and services.

7-2. PROCEDURES.

a. Requestors prepare receiving reports to notify FMF when supplies or services have been received and accepted.

b. Receiving reports may be accomplished as follows:

1) Signature on the purchase document.

2) Signature on the invoice.

3) Electronic (e-mail) citing award document number and complete or partial receipt. If partial, cite items received and quantities or percentage of work completed.

a) Accounting notifies the requestor when an invoice is received and no receiving report is on file.

b) Disputes regarding quality of supplies or services, quantities received, or other issues are resolved by Contracting.

7-3 RESPONSIBILITIES. The requestor is responsible for notifying FMF when supplies or services are accepted and proper for payment. Contracting resolves disagreements.

7-4. CONTROL. FM exercises overall control on receiving reports.

SECTION C—SOLICITATIONS AND CONTRACTS**CHAPTER 1—PRESOLICITATION REQUIREMENTS**

1-1. PURPOSE. This section provides procedures for purchases to be made by contract.

1-2. PROCEDURES.

- a. Contracting receives requirements for supplies or services from the requestor.
- b. Contracts may be written for any period, subject to availability of funds at time of award.
- c. Normally, the Contracting Specialist prepares the solicitation file, solicitation and related paper work, assembles the file, and submits it to the Chief, Contracting Management for ad hoc review prior to release.
- d. Solicitation Mailing List.
 - 1) LGC prepares the initial solicitation mailing list with sufficient prospective offerors to ensure adequate competition and preference for preferred vendors.
 - 2) LGC will ensure names of concerns debarred from entering into government contracts or otherwise determined ineligible are not placed on a mailing list. Use *The List of Parties Excluded from Federal Procurement or Nonprocurement Programs* and other information received to check each offeror for eligibility.
 - 3) Acquisitions may also be posted on the CAP web site.

1-3. RESPONSIBILITIES. Contracting is responsible for processing requirements in accordance with current directives.

1-4. CONTROL. The Chief, Contracting Management exercises overall management control.

CHAPTER 2—AD HOC REVIEW OF SOLICITATIONS AND CONTRACTS

2-1. PURPOSE. This section establishes review procedures for open market contractual actions.

2-2. PROCEDURES.

a. Solicitation Reviews.

- 1) The Chief, Contracting Management reviews solicitations estimated to exceed \$100,000.
- 2) The review must take place prior to **release** of the solicitation. The Chief will make a written record of comments. The record and response become a permanent part of the file.
- 3) The Chief reviews the file to ensure required pre-solicitation documents are on-hand, accurate, and properly filed. The Chief reviews the solicitation to determine if required clauses are incorporated, bidding documents are complete and professional in appearance, evaluation factors for award are spelled out clearly, and any specifications or drawings are acceptable.
- 4) The Chief reviews solicitations estimated under \$100,000 if the resultant award is to be a contract.

b. Contract Reviews.

- 1) The Chief, Contracting Management reviews contracts, regardless of dollar value.
- 2) The review must take place prior to signature of the contract. The Chief will make a written record of comments. Comments and responses become a permanent part of the file.
- 3) The Chief reviews the file to ensure all pre-award actions are complete and award documents are on hand, accurate, and professional in appearance.

2-3. RESPONSIBILITIES. The Contracting Specialist is responsible for obtaining required reviews.

2-4. CONTROL. The Chief, Contracting Management exercises overall management of ad hoc reviews.

CHAPTER 3—AMENDMENT OF SOLICITATIONS

3-1. PURPOSE. This section provides procedures for amending solicitations.

3-2. PROCEDURES.

a. If it becomes necessary to make revisions to the solicitation the following procedure applies:

1) LGC will announce changes by an amendment to the solicitation.

2) If the revisions have a material effect on price or performance the solicitation period is extended. As a general rule offerors are allowed 10 days between the issue date of an amendment and the opening date. A shorter time is allowed when considered appropriate and approved by the Chief, Contracting Management.

b. The amendment receives the same distribution as the original solicitation minus any offerors who returned their packages as “No Bids.”

3-3. RESPONSIBILITIES. Contracting is responsible for preparation and issuance of all amendments.

3-4. CONTROL. The Chief, Contracting Management exercises overall management of amendments.

CHAPTER 4—CONTRACT AWARD

4-1. PURPOSE. This section provides procedures for contract award.

4-2. LGC will:

- a. Make award pursuant to solicitation evaluation criteria.
- b. Use \$250 as evaluation criteria for making multiple awards.
- c. The contract is assigned a number from the control register.
- d. Files for awards in excess of \$100,000 shall include:
 - 1) Basis for contractor selection.
 - 2) Justification for lack of competition, **if required**.
 - 3) Basis for award cost or price.

4-3. RESPONSIBILITIES. Contracting is responsible for contract awards.

4-4. CONTROL. The Chief, Contracting Management exercises overall management of contract awards.

CHAPTER 5–REQUIREMENTS CONTRACTS

5-1. PURPOSE. This section provides procedures for filling recurring customer requirements over an extended period of time when exact quantities/delivery dates are not known.

5-2. PROCEDURES.

- a. The customer provides estimated quantities.
 - 1) These quantities must be reasonable, good faith estimates. Use of historical data is recommended.
 - 2) The customer must have reasonable expectation of funding some portion of the quantities or items.
- b. The contract period is not limited to 1 year. Contracting will give consideration to the type of requirement, stability of the market, and funding priorities.
- c. Ordering authority may be delegated to the requestor by Contracting provided there are funds on the contract or delivery order.

5-3. RESPONSIBILITIES. Contracting is responsible for the proper use of Requirements Contracts.

5-4. CONTROL. The Chief, Contracting Management exercises overall management for this procedure.

CHAPTER 6—CONTRACT CHANGES

6-1. PURPOSE. This section provides procedures for processing changes to contracts.

6-2. PROCEDURES.

a. Requestor Changes.

- 1) A change proposed by a requestor must include applicable specifications, justification, and/or cost estimates.
- 2) Upon receipt of proposed changes, Contracting reviews the documents for completeness and accuracy. Errors, if any, are discussed with the Chief, Contracting Management and a course of action is determined with the requestor. If necessary, Contracting obtains a revised estimate from the requestor prior to beginning any negotiations.
- 3) Contracting conducts negotiations with the contractor to establish cost and any time extension.
 - a) If agreement is reached on a fair and reasonable price, the change is executed.
 - b) If no agreement is reached, Contracting returns the proposed change to the requestor for a decision on whether to pursue the change.

b. Contractor Proposed Changes.

- 1) Contractor submits proposed changes to Contracting and includes proposed cost, justification, impact if not changed, and time extension, if applicable. Contracting forwards the proposal to the customer for validation and cost estimate.
- 2) The customer returns the proposed change to Contracting indicating whether the contractor's proposal is acceptable. If it is not acceptable, due to price, time extension, etc., the customer provides an analysis in sufficient detail to permit Contracting to negotiate with the contractor. Upon completion of negotiations and determination that the proposal is fair and reasonable, the change is executed. If not fair and reasonable, the change will be disallowed.

c. Changes under \$100,000, whether initiated by the CAP customer or the contractor, are negotiated without a detailed cost estimate. The customer submits a lump sum estimate for the change together with the details of the change. The contractor provides cost in lump sum form also. Contracting may ask either party to provide additional details to facilitate negotiations.

d. Contracting processes requests for time extensions. Chief, Contracting Management makes the final determination to grant a time extension.

e. Documentation. LGC documents negotiations to include items discussed and resolution.

6-3. RESPONSIBILITIES. Contracting is responsible for changes to contracts.

6-4. CONTROL. The Chief, Contracting Management exercises overall management of changes to contracts.

CHAPTER 7—DELINQUENT PERFORMANCE ACTIONS

7-1. PURPOSE. This section establishes procedures for complete or partial termination of contracts.

7-2. PROCEDURES.

a. Definitions.

1) **Claim:** A written demand by one of the parties seeking payment of money, adjustment of contract terms, or other relief under the terms of the contract.

2) **Continued Portion of the Contract:** Portion of terminated contract that the contractor must continue to perform.

3) **Effective Date of Termination:** Date contractor will stop performance under the contract.

4) **Partial Termination:** Termination of a part, but not all, of the work not completed and accepted under a contract.

5) **Settlement Agreement:** A written agreement to a contract in amendment form settling all or a severable portion of a settlement proposal.

6) **Terminated Portion of the Contract:** Work or end items not completed and accepted before effective date of termination that the contractor is not to perform.

7) **Delinquent Performance:** Contractor fails to deliver or perform within the prescribed delivery times and failure to perform does not arise from causes beyond the control and without the fault or negligence of the contractor i.e., strike, act of God, etc.

8) **Dispute:** A disagreement between the contract parties. Disputes are resolved through ascending levels of management of the respective parties. Judicial actions are adjudicated in the state of Alabama.

b. When Contracting determines a contractor delinquent and the contract file contains no documented explanation for the delay, the following courses of action are available:

1) LGC will prepare Apparent Delinquent Performance Notification (Tab 1) and send it by certified mail, return receipt requested, or hand deliver to the contractor and obtain acknowledgment.

2) If the contractor's performance has not improved by the suspense date set in the Apparent Delinquent Performance Notification, LGC issues a Cure Notice (Tab 2) provided that the number of days remaining in the performance period is at least equal to the suspense time allowed in the Cure Notice. If the number of days remaining is insufficient, a Show Cause Notice (Tab 3) is issued by LGC. NOTE: Contractor responses to Apparent Delinquent Performance Notification and Cure Notice need not always be in writing. For example, the contractor returns to intended progress or submits required documents. The final decision on the adequacy of any response rests with the Director Logistics.

3) If a satisfactory response is not received by the suspense date set forth in the Cure Notice, LGC may issue a Show Cause notice. In lieu of a Show Cause, a Warning Letter (Tab 4) may be sent from LGC as a means of making the contractor aware of our intent to take default action. Contracting and the Director, Logistics will meet and review the response. At this time, LGC will decide to extend the performance period, carry the contract in a delinquent status, or terminate for default if a Show Cause was issued. If a warning letter was issued, the same people meet a second time to determine if a Show Cause is warranted. Contracting will write a Memo For Record (MFR), including the rationale for the action taken.

4) When a Cure or Show Cause Notice is issued, progress payments are suspended until the matter is resolved to the satisfaction of the parties concerned.

5) If the decision allows the contractor to continue performance in a delinquent status, a Letter of Forbearance (Tab 5) is sent. During periods of forbearance, progress payments are authorized provided the contractor is making satisfactory progress.

6) If it is decided to terminate, LGC prepares a Notice of Termination (Tab 6) to be issued either in person or by certified mail. Contracting commences re-procurement action immediately upon issuance of the notice.

7) During reprocurement, Contracting contacts at least three firms for competitive proposals. The original bid abstract may be used by LGC as a bidder's list.

8) LGC holds terminated contract files open until all work on the re-procurement contract is complete and all outstanding claims are settled.

c. CAP may exclude contractors from bidding on future contracts if the Director, Logistics determines their past performance on other CAP contracts was not satisfactory. The determination includes references to specific contracts and areas of unsatisfactory performance. LGC will notify the contractor in writing, of the action and reasons for it. The contractor is given at least 15 days (not more than 30) to respond. If no response is received, the contractor is excluded for a period not to exceed 3 years. If a response is received, the response, together with all supporting data, is submitted to the Executive Director for a final determination whether to exclude the contractor or not.

d. The use of electronic media to transmit notices is authorized.

7-3. RESPONSIBILITIES. Contracting is responsible for application and enforcement.

7-4. CONTROL. The Chief, Contracting Management exercises management supervision of this procedure.

APPARENT DELINQUENT PERFORMANCE NOTIFICATION

The Civil Air Patrol Contracting Management Office has reviewed your contract file. This review disclosed (insert problem area or areas).

We request you take action to correct the aforementioned areas or provide in writing any facts that are contributing to the problem. Your reply is required within ____days after receipt of this notice.

CURE NOTICE

You are hereby notified that the Civil Air Patrol Contracting Management Office considers your (specify contractor failure/failures) as a condition endangering performance of this contract. Unless this condition is cured within 10 days after receipt of this notice, (insert longer period if determined necessary) CAP may terminate for default under the terms and conditions of this contract.

SHOW CAUSE NOTICE

Since you failed to (insert “perform Contract No. _____ within the time required for its terms” or “cure the condition(s) jeopardizing performance under Contract No. _____ as described to you in our letter dated _____), CAP is considering terminating the contract per provisions of the Clause entitled Default. Pending a final decision in this matter, we must determine whether failure to perform arose from causes beyond your control and without fault or negligence on your part. You are hereby given the opportunity to present, in writing, facts bearing on the questions to the Chief, Contracting Management within, but not later than 10 days after receipt of this notice. Failure to present any excuses within this time is considered an admission that none exists. We invite your attention to the respective rights of the contractor and CAP, and the liabilities that we may invoke if we decide to terminate for default.

Any assistance given to you on this contract or any acceptance by CAP of delinquent goods or services is solely for the purpose of mitigating damages, and it is not the intention of CAP to condone any delinquency or to waive any rights it may have under the contract.

WARNING LETTER

In your response to our Cure Notice you told us you would _____. Your representative informed us _____. We have now learned that will not be the case. The responsibility for these delays rests solely on your company.

We are rapidly approaching the _____ point in your performance period and have yet to see or hear anything that would encourage us to believe you will complete this contract on time. We have shown great patience and tolerance while waiting for your firm to commence delivery.

In the interest of mitigating potential damage to your firm, we elected not to issue a Show Cause notice at this time, but instead are giving you this last opportunity to meet the terms of the contract. Do not mistake this action as unwillingness on our part to terminate the contract if you do not begin showing substantial progress.

You have 10 days from the date of this letter to commence delivery or we will exercise our contractual prerogatives. Further written correspondence or telephone calls from your firm are unnecessary.

LETTER OF FORBEARANCE

You are hereby notified that Civil Air Patrol has evaluated your response to our Show Cause notice and found that your failure to perform arose out of causes over which you had control. However, in the interests of mitigating damages that would result from a default action we have elected to allow you to continue performance on your contract in a delinquent status.

This is the exercise of a unilateral right of CAP and may be withdrawn if you take written exception within 10 days to any of the following conditions:

All terms and conditions of the contract as originally written and subsequently modified remain in full force and effect.

All remaining work shall be completed not later than (insert calendar date).

CAP reserves the right to terminate this period of forbearance at any time.

NOTICE OF TERMINATION

You are hereby notified that your contract number C-_____, covering _____, (hereinafter referred to as "the contract"), is terminated effective (date). You are ordered to cease all work except to the extent that the Chief, Contracting Management for Civil Air Patrol authorized you to continue for reasons of safety or to clear equipment.

This notice is the result of your failure to (insert reason). CAP will not entertain any appeals.

Payments under this contract are suspended until reprourement actions are completed and CAP determines a full accounting of your liability for any excess reprourement costs.

Failure to notify CAP, in writing, of any pending legal proceedings regarding this action within 30 days of the date of this letter shall be construed as a waiver of any and all claims.

SECTION D–SPECIAL PROCEDURES

CHAPTER 1–SALE OF AIRCRAFT

1-1. PURPOSE. This section establishes procedures for sale of Civil Air Patrol aircraft.

1-2. PROCEDURES.

a. Sales are initially conducted via sealed bid or electronic auction. No employee, officer, or agent shall participate in the selection, award, or administration of a sale if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm or person selected for an award. The officers, employees, and agents of CAP shall neither solicit nor accept gratuities, favors, or anything of monetary value from prospective or actual buyers. Also refer to CAPR 67-1 for a list of prohibited buyers.

b. There is no written solicitation. Sales are either publicized in at least two major trade magazines, i.e., Trade-A-Plane, Aero Trader, etc., or a broad-based electronic auction site and on the CAP web site.

c. Sales conducted through magazine advertising shall comply with the following:

1) Contracting or the person conducting the sale coordinates ad placement with the Chief, Aircraft Management.

2) Advertisement includes the following:

a) The time, place, and date sealed bids will be opened. Allow sufficient time between expected appearance of the ad and bid opening.

b) A description of the aircraft to include make, model, year, hours, etc.

c) The phrase “All aircraft sold ‘as is, where is’ no expressed or implied warranties arising from statements in the aircraft and engine log books.”

d) A minimum bid amount.

e) A five percent deposit required in a cashiers check, certified check, or money order made payable to Civil Air Patrol. The balance is required in the same form.

f) The successful offeror has 30 days (a lesser number of days may be specified) to satisfy the bid balance or forfeit the deposit or the difference between their bid and the next low bidder, whichever is less.

g) If two or more bids are equal, selecting the earliest bid received breaks the tie.

h) Bid openings are open to the public.

i) Late hand carried bids are not accepted.

j) The award is made to the highest responsive bidder at or above the minimum bid.

d. Late bids received via USPS, FedEx, UPS, etc., are analyzed by LGC to determine if they were sent in sufficient time.

e. Contracting notifies unsuccessful bidders immediately, but holds deposits in FM until the awardee furnishes balance.

f. Contracting prepares an Aircraft Sales Agreement (Tab 1) prior to bid opening and, if the successful bidder attends the opening, finalizes the agreement and obtains signatures. Otherwise, Contracting mails the agreement.

g. Sales conducted through an electronic auction site will follow the rules of that site, provided that the listing shall include the items above as appropriate. In addition, a modified Aircraft Sales Agreement is prepared by the office conducting the sale and executed by the parties.

h. Applicable CAP/FM regulations and procedures must be followed.

i. If no bids are received, Contracting negotiates the sale as outlined below:

1) Run advertisement as above, eliminating references to public bid opening, minimum bid, and deposit.

2) Review offers with LGM and determine course of action.

1-3. RESPONSIBILITIES. Contracting or appropriate wing personnel conduct sales.

1-4. CONTROL. The Director, Logistics or wing commander, as appropriate, approve sales actions.

**CIVIL AIR PATROL
AIRCRAFT SALES AGREEMENT**

CAP-(FY)-S (XXX)

This Agreement, entered into on *(insert date)* for the sale of the aircraft listed below, is by and between Civil Air Patrol, hereinafter referred to as "Seller" and *(insert buyer name)*, hereinafter referred to as "Buyer."

Notwithstanding any laws, rules or regulations to the contrary, the Seller offers no warranties, expressed or implied, of any kind.

Aircraft sold as is, where is. The Buyer takes possession at aircraft location and is responsible for all aircraft movement after that, including any costs associated with that movement.

The Buyer agrees to make payment by cashiers check, certified check, or money order in the amount specified in United States currency within *(insert days)* days from *(insert date)*. If payment is not made, the Buyer forfeits entire deposit or difference between bid amount and next highest, responsive bid, whichever is less. Bid responsiveness is determined solely by the Seller.

The Seller will provide all necessary documents at the time of payment.

The Seller is responsible for removal of all CAP markings prior to sale.

SALE AMOUNT: \$

DESCRIPTION OF AIRCRAFT:

BUYER SIGNATURE

SELLER SIGNATURE

PRINTED NAME

PRINTED NAME

ADDRESS

ADDRESS

CITY, STATE, ZIP

CITY, STATE, ZIP

TELEPHONE

TELEPHONE

CHAPTER 2—SALE OF VEHICLES

2-1. PURPOSE. This section establishes procedures for outright sale of Civil Air Patrol vehicles.

2-2. PROCEDURES.

a. Sales are conducted via sealed bid or electronic auction. No employee, officer, or agent shall participate in the selection, award, or administration of a sale if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm or person selected for an award. The officers, employees, and agents of CAP shall neither solicit nor accept gratuities, favors, or anything of monetary value from prospective or actual buyers. Also refer to CAPR 67-1 for a list of prohibited buyers.

b. There is no written solicitation. Sales are publicized in local newspapers or on a broad-based electronic auction site and on the CAP web site.

c. Sales conducted through newspaper advertising shall comply with the following:

1) Contracting or the person conducting the sale coordinates ad placement with the Chief, Transportation Management.

2) Advertisement is constructed in accordance with standard commercial practice and includes the following:

a) The time, place, and date sealed bids will be opened. Allow sufficient time between expected appearance of the ad and bid opening.

b) A description of the vehicle(s) to include make, model, year, mileage, etc.

c) The phrase “All vehicles sold ‘as is, where is’ no expressed or implied warranties”.

d) A minimum bid amount.

e) A five percent deposit required in a cashiers check, certified check or money order made payable to Civil Air Patrol. The balance is required in the same form.

f) The successful offeror has 30 days (a lesser number of days may be specified) to satisfy the bid balance or forfeit the deposit or the difference between their bid and the next low bidder, whichever is less.

g) If two or more bids are equal, selecting the earliest bid received breaks the tie.

h) Bid openings are open to the public.

i) Late hand carried bids are not accepted.

j) The award is made to the highest responsive bidder at or above the minimum bid.

d. Late bids received via USPS, FedEx, UPS, etc., are analyzed by LGC to determine if they were sent in sufficient time.

e. Contracting notifies unsuccessful bidders immediately but holds deposits in FM until the awardee furnishes the balance.

f. Contracting prepares a Vehicle Sales Agreement (Tab 1) prior to bid opening and, if the successful bidder is available, finalizes the agreement and obtains signatures. Otherwise, Contracting mails the agreement.

g. Sales conducted through an electronic auction site will follow the rules of that site, provided that the listing shall include the items above as appropriate. In addition, a modified Vehicle Sales Agreement is prepared by the office conducting the sale and executed by the parties

h. Applicable CAP/FM regulations and procedures must be followed.

i. If no bids are received, Contracting negotiates the sale as outlined below:

1) Run advertisement as above, eliminating references to public bid opening, minimum bid and deposit.

2) Review offers with LGT and determine course of action.

2-3. RESPONSIBILITIES. Contracting or appropriate wing personnel conduct sales.

2-4. CONTROL. The Director, Logistics or wing commander, as appropriate, approve sales actions.

**CIVIL AIR PATROL
VEHICLE SALES AGREEMENT**

CAP-(FY)-S (XXX)

This Agreement, entered into on *(insert date)* for the sale of the vehicle(s) listed below, is by and between Civil Air Patrol, hereinafter referred to as "Seller" and *(insert buyer name)*, hereinafter referred to as "Buyer".

Notwithstanding any laws, rules or regulations to the contrary, the Seller offers no warranties, expressed or implied, of any kind.

Vehicle(s) sold as is, where is. The Buyer takes possession at vehicle location and is responsible for all vehicle movement after that, including any costs associated with that movement.

The Buyer agrees to make payment by cashiers check, certified check, or money order in the amount specified in United States currency within *(insert days)* days from *(insert date)*. If payment is not made, the Buyer forfeits entire deposit or difference between bid amount and next highest, responsive bid, whichever is less. Bid responsiveness is determined solely by the Seller.

The Seller will provide all necessary documents at the time of payment.

The Seller is responsible for removal of all CAP markings prior to sale.

SALE AMOUNT: \$

DESCRIPTION OF VEHICLE(s):

BUYER SIGNATURE

SELLER SIGNATURE

PRINTED NAME

PRINTED NAME

ADDRESS

ADDRESS

CITY, STATE, ZIP

CITY, STATE, ZIP

TELEPHONE

TELEPHONE

CHAPTER 3–SALE OF ASSETS

3-1. PURPOSE. This section establishes procedures for outright sale of Civil Air Patrol assets.

3-2. PROCEDURES.

a. Sales are initially conducted via sealed bid or electronic auction. No employee, officer, or agent shall participate in the selection, award, or administration of a sale if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm or person selected for an award. The officers, employees, and agents of CAP shall neither solicit nor accept gratuities, favors, or anything of monetary value from prospective or actual buyers. Also refer to CAPR 67-1 for a list of prohibited buyers.

b. There is no written solicitation. Sales are publicized in local newspapers or on a broad-based electronic auction site and on the CAP web site.

c. Sales conducted through newspaper advertising shall comply with the following:

1) Contracting or the person conducting the sale coordinates ad placement with the Chief of the branch managing the asset.

2) The Chief of the branch managing the asset places advertisements.

3) Advertisement is constructed in accordance with standard commercial practice and includes the following:

a) The time, place, and date sealed bids will be opened. Allow sufficient time between expected appearance of the ad and bid opening.

b) A description of the asset(s) to include make, model, approximate age, etc.

c) The phrase “Sold ‘as is, where is’ no expressed or implied warranties”.

d) A minimum bid amount.

e) A five percent deposit required in a cashiers check, certified check or money order made payable to Civil Air Patrol. The balance is required in the same form.

f) The successful offeror has 30 days (a lesser number of days may be specified) to satisfy the bid balance or forfeit the deposit or the difference between their bid and the next low bidder, whichever is less.

g) If two or more bids are equal, selecting the earliest bid received breaks the tie.

h) Bid openings are open to the public.

i) Late hand carried bids are not accepted.

j) The award is made to the highest responsive bidder at or above the minimum bid.

d. Late bids received via USPS, FedEx, UPS, etc., are analyzed by LGC to determine if they were sent in sufficient time.

e. Contracting notifies unsuccessful bidders immediately but holds deposits in FM until the awardee furnishes the balance.

f. Contracting prepares a Sales Agreement (Tab 1) prior to bid opening and, if the successful bidder is available, finalizes the agreement and obtains signatures. Otherwise, Contracting mails the agreement.

g. Sales conducted through an electronic auction site will follow the rules of that site, provided that the listing shall include the items above as appropriate. In addition, a modified Sales Agreement is prepared by the office conducting the sale and executed by the parties

h. Applicable CAP/FM regulations and procedures must be followed.

i. If no bids are received, Contracting negotiates the sale as outlined below:

1) Run advertisement as above, eliminating references to public bid opening, minimum bid and deposit.

2) Review offers with LGS and determine course of action.

3-3. RESPONSIBILITIES. Contracting or appropriate wing personnel conducts sales.

3-4. CONTROL. The Director, Logistics or wing commander, as appropriate, approve sales actions.

**CIVIL AIR PATROL
SALES AGREEMENT**

CAP-(FY)-S (XXX)

This Agreement, entered into on *(insert date)* for the sale of the asset(s) listed below, is by and between Civil Air Patrol, hereinafter referred to as "Seller" and *(insert buyer name)*, hereinafter referred to as "Buyer".

Notwithstanding any laws, rules or regulations to the contrary, the Seller offers no warranties, expressed or implied, of any kind.

Asset(s) sold as is, where is. The Buyer takes possession at asset location and is responsible for all movement after that, including any costs associated with that movement.

The Buyer agrees to make payment by cashiers check, certified check, or money order in the amount specified in United States currency within *(insert days)* days from *(insert date)*. If payment is not made, the Buyer forfeits entire deposit or difference between bid amount and next highest, responsive bid, whichever is less. Bid responsiveness is determined solely by the Seller.

The Seller will provide all necessary documents at the time of payment.

The Seller is responsible for removal of all CAP markings prior to sale.

SALE AMOUNT: \$

DESCRIPTION OF ASSET(s):

BUYER SIGNATURE

SELLER SIGNATURE

PRINTED NAME

PRINTED NAME

ADDRESS

ADDRESS

CITY, STATE, ZIP

CITY, STATE, ZIP

TELEPHONE

TELEPHONE

CHAPTER 4-HOTEL BOOKINGS

4-1. PURPOSE. This section establishes procedures for booking hotels for CAP sponsored National events.

4-2. PROCEDURES.

a. CAP directors or authorized representatives negotiate contracts for hotels and related services in support of CAP sponsored National events.

b. No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the hotel selected for an award. The officers, employees, and agents of CAP shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors.

c. Related services include catering, use of conference rooms, and other special services provided by the hotel.

d. CAP directors or authorized representatives will compete contracts to the maximum extent practical given such factors as available facilities within the geographic location.

e. CAP directors or authorized representatives will submit contracts to LGC and GC for review prior to being signed.

f. The requestor prepares a purchase request for contracts requiring direct payment to the hotel. Contracting prepares a purchase order incorporating the hotel contract.

4-3. RESPONSIBILITIES. Directors are responsible for hotel bookings, ensuring funds are available, and obtaining required reviews.

4-4. CONTROL. Contracting and General Council review contracts for compliance.

CHAPTER 5—FACILITIES PROJECTS

5-1. PURPOSE. This section establishes procedures for facilities projects.

5-2. PROCEDURES.

a. Definitions.

- 1) Facilities Projects/Construction: New building or renovation of real property, whether owned or leased.
- 2) Owner: Civil Air Patrol.
- 3) A-E: Architect – Engineer firms that design, bid, and manage projects.
- 4) Fee: The amount charged by the A-E for services; normally expressed as a percentage of the estimated total cost of the project.

5) **Project File:** A folder or binder in which all documents related to the project are filed.

6) **Additive Items:** Desired project features for which funding is uncertain.

7) **Deductive Items:** Prioritized list of bid items to be deducted from the project if sufficient funds are not available.

8) **Commander:** Region/wing commander or designated representative.

b. Standards of Conduct: No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.

c. The commander obtains National Executive Committee (NEC) approval for facility projects estimated to exceed \$25,000 prior to beginning the process. The NEC may seek Board of Governors/National Board approval if deemed appropriate considering such factors as dollar amount, project complexity and mission impact. The commander must show the following:

1) The availability of funds.

2) That fund raising promotional materials are accurate, truthful, and comply with the law.

3) A reasonable and realistic .construction budget.

4) A favorable cost/benefit analysis, i.e., a \$1.0 million project on land leased for five years with structures reverting to landowner would likely not pass scrutiny.

5) The CAP personnel responsible for project management are committed, qualified, and competent and either have sufficiently qualified volunteers (not associated with either the A-E or construction contractor) to design and manage the project or are supplemented by an A-E contractor.

6) Funds are available for recurring facility maintenance.

d. Selecting A-E firm.

1) The commander or designee contacts at least three firms capable of designing, bidding, and managing the project.

a) CAP members or their firms need not be excluded from selection process. They cannot receive favorable treatment. They cannot be the commander.

b) Use local Chamber of Commerce, Yellow Pages, or other means to identify firms.

2) The commander or designee will prepare a short summary of the project, including purpose, estimated cost, approximate dimensions, amenities, etc. The summary will include plans of facilities undergoing renovation. The commander or designee will deliver them to the selected firms for review.

3) The commander or designee interviews each firm to determine their capabilities and will:

a) Get written references from owners of similar projects.

b) Get fee.

4) After checking references, the commander selects the firm best suited to the project.

5) The commander or designee will document all actions are in writing and retain in project file.

e. Awarding a contract.

1) The commander or designee will have the A-E prepare the contract. The American Institute of Architects AIA document B151 is suitable for this purpose. It must include:

a) Fee and payment schedule.

b) Completion time for design.

c) **Architect-Engineer Clauses at Tab 1.**

- d) Responsibilities of the parties.
 - e) Scope of A-E basic services.
 - f) Owner responsibilities.
 - g) Provisions covering disputes, terminations, etc.
- 2) The commander or designee will submit the contract to NHQ CAP/LGC for contract and legal review.
 - 3) The commander or designee will obtain signatures. The contract must be signed by a corporate officer for CAP.
- f. Funding.**
- 1) The source of funding for construction projects is critical. Consult with NHQ CAP/LGC if project has federal funds.
 - 2) Projects containing state or local funds may also have restrictions. The A-E can determine what, if any, state or local restrictions exist.
 - 3) The commander or designee cannot award contracts for more than the actual amount of funds available at the time of award.
 - a) If full project funding is not available, use Additive/Deductive items. Tab 2 contains the necessary language.
 - b) Include a provision allowing the Owner to add Additive/Deductive items to the contract should additional funding become available after contract award. This authority should expire at or near but not after contract completion.
 - 4) The commander is responsible for timely payment of all obligations.
- g. Bonding.**
- 1) The inclusion of a requirement for Bid, Payment, and Performance Bonds in construction projects is highly recommended. Consult with A-E on whether to include bonding.
 - 2) A Bid Bond is required to be submitted by the bidder with their bid. It guarantees the bidder will obtain Payment and Performance Bonds if selected for award. The Bond is forfeited if the bidder fails to secure the required bonds.
 - 3) Payment Bond guarantees payment to workers, subcontractors, and suppliers. It protects the Owner from liens in the event of nonpayment by the contractor.
 - 4) Performance Bond guarantees contractor performance. In the event of Default, the bonding company takes over and finishes the project.
- h. Contract Administration.**
- 1) The commander or designee administers the contract with the A-E firm. The A-E firm awards and administers the construction contract on behalf of CAP. The commander or designee retains copies of both contracts, including changes, in the project file.
 - 2) The commander should view the project site and consult with the A-E prior to approving progress payments for the contractor. The commander prepares a memo of the inspection and the A-E consult and place them in the project file.
 - 3) The commander or designee will prepare and file other memos as required to document important contractual events, i.e. meetings, negotiations, etc.
 - 4) The commander or designee will file a copy of all contract related correspondence in the project file.
- 5-3. RESPONSIBILITIES.** The commander is responsible for insuring Construction Projects comply with this regulation.
- 5-4. CONTROL.** NHQ CAP/LGC reviews A-E contracts. The commander exercises management over construction projects.

ARCHITECT-ENGINEER CLAUSES

Liability for Costs Resulting From Design Errors or Deficiencies. Architect-engineer shall be responsible for the professional quality, technical accuracy, and coordination of all services required under their contracts. A firm may be liable for costs resulting from errors or deficiencies in designs furnished under this contract. Therefore, when a modification to a construction contract is required because of an error or deficiency in the services provided under an architect-engineer contract, CAP shall consider the extent to which the architect-engineer contractor may be reasonably liable. CAP shall enforce the liability and collect the amount due, if the recoverable cost will exceed the administrative cost involved or is otherwise in CAP's interest.

Design Within Funding Limitations.

(a) The architect-engineer shall design the project so that construction costs will not exceed a contractually specified dollar limit (funding limitation). If the price of construction proposed in response to a solicitation exceeds the construction funding limitation in the architect-engineer contract, the firm shall be solely responsible for redesigning the project within the funding limitation. These additional services shall be performed at no increase in the price of this contract. However, if the cost of proposed construction is affected by events beyond the firm's reasonable control (e.g., if there is an increase in material costs which could not have been anticipated, or an undue delay by CAP in issuing a construction solicitation), the firm shall not be obligated to redesign at no cost to CAP.

(b) The amount of the construction funding limitation is established during negotiations between the contractor and CAP. This estimated construction contract price shall take into account any statutory or other limitations and exclude any allowances for CAP supervision and overhead and any amounts set aside by CAP for contingencies. In negotiating the amount, CAP will make available to the contractor the information upon which CAP has based its initial construction estimate and any subsequently acquired information that may affect the construction costs.

Redesign Responsibility for Design Errors or Deficiencies. The architect-engineer shall be required to make necessary corrections at no cost to CAP when the designs, drawings, specifications, or other items or services furnished contain any errors, deficiencies, or inadequacies.

ADDITIVE/DEDUCTIVE ITEMS PROVISION

- (a) The low offeror and the items to be awarded shall be determined as follows-
- (1) Prior to the opening of bids, the Owner will determine the amount of fund available for the project.
 - (2) The low offeror shall be the Offeror that-
 - (i) Is otherwise eligible for award; and
 - (ii) Offers the lowest aggregate amount for the first or base bid item, plus or minus (in the order stated in the list of priorities in the bid schedule) those additive or deductive items that provide the most features within the funds determined available.
 - (3) The Owner shall evaluate all bids on the basis of the same additive or deductive items.
 - (i) If adding another item from the bid schedule list of priorities would make the award exceed the available funds for all offerors, the Owner will skip that item and go to the next item from the bid schedule of priorities; and
 - (ii) Add that next item if an award may be made that includes that item and is within the available funds.
- (b) The Owner will use the list of priorities in the bid schedule only to determine the low offeror. After determining the low offeror, an award may be made on any combination of items if-
- (1) It is in the best interest of the Owner;
 - (2) Funds are available at the time of award; and
 - (3) The low offeror's price for the combination to be awarded is less than the price offered by any other responsive, responsible offeror.
- (c) **Example.** The amount available is \$100,000. Offeror A's base bid and four additives (in the order stated in the list of priorities in the bid Schedule) are \$85,000, \$10,000, \$8,000, \$6,000, and \$4,000. Offeror B's base bid and four additives are \$80,000, \$16,000, \$9,000, \$7,000, and \$4,000. Offeror A is the low offeror. The aggregate amount of offeror A's bid for purposes of award would be \$99,000, which includes a base bid plus the first and fourth additives. The second and third additives were skipped because each of them would cause the aggregate bid to exceed \$100,000.

SECTION E—CORPORATE FUNDED PURCHASES

1-1. PURPOSE. This section establishes policies and procedures for National Headquarters corporate funded purchase of non-resale items.

1-2. PROCEDURES.

a. Definitions.

1) Corporate Funds: Money generated by corporate activities. This excludes funds added to the cooperative Agreement by the government. Funds generated through the sale or use of appropriated assets (e.g. aircraft) become "program income" and are not corporate funds.

2) Vendors: Commercial businesses who supply or may supply products or services; also referred to as bidders, contractors, or offerors.

3) Non-Resale Items: Products/services purchased for use by CAP.

4) Resale Items: Products/services purchased with the sole intent to market them for sale, usually for a profit.

b. Responsibilities.

1) Directors or their designees requisition corporate funded purchases through Navision.

2) Requisitions are processed according to the Business Rules established in Navision.

3) If Contracting executes the purchase, CAPR 70-1, Section A-D procedures apply except:

a) Preferred Vendor Program.

b) Clauses pertaining to Public Law.

4) If the requestor executes the purchase, they will comply with established FM processes and the following:

a) Personnel interacting with vendors shall conduct themselves with the utmost integrity and refrain from any action that might discredit or embarrass the corporation.

b) No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by corporate funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.

c) Directors are responsible for purchases made by them or their designees.

d) Individuals making purchases will:

1 Ensure availability of funds prior to making the purchase.

2 Ensure proper recording in corporate financial records.

3 Obtain required approvals prior to making the purchase.

e) Purchases are competed wherever possible to ensure a fair and reasonable price.

f) Civil Air Patrol is not a government agency and is not entitled to use government contracts or solicit government pricing. Vendors may offer government pricing but any resultant Agreement, Purchase Order, or Contract cannot cite government contract numbers.

g) For lodging contracts, see Section D, Chapter 4.

h) For facility projects see Section D, Chapter 5.

1-3. RESPONSIBILITIES. Directors are responsible for ensuring corporate funded purchases are properly executed.

1-4. CONTROL. The Executive Director exercises supervision over corporate funded purchases.