



May 16, 2011

Ms. Hada Flowers
General Services Administration
Regulatory Secretariat (MVCB)
1275 First Street, NE., 7th Floor
Washington, DC

Subject: FAR Case 2007-012, "Requirements for Acquisitions Pursuant to Multiple-Award Contracts," FAC 2005-50

Dear Ms. Flowers:

The Aerospace Industries Association (AIA) appreciates the opportunity to provide comments and recommendations on the interim rule, "Requirements for Acquisitions Pursuant to Multiple Award Contracts."

AIA recommends that the threshold by which formal competition procedures are triggered should be the greater of the Maximum Order Threshold or Simplified Acquisition Threshold.

Rationale: If purchase orders over the Simplified Acquisition Threshold (SAT) are required to be formally competed, then this rule is going to dramatically increase the administrative burden and cost on both the Government and schedule holders. The Government's acquisition staff is already stretched to the limit. Requiring a formal RFQ, that includes a description of the work to be performed and the basis on which the selection will be made, to be issued on every purchase order that is over the SAT will have the unintended impact of further burdening this already over stretched staff. Also, the additional cost to the Government of administering a formal competition on every purchase order over the SAT is significant. A primary keystone of Multiple Award Contracts (MACs) is the simplicity, efficiency and relatively low cost by which the Government can procure commercial products and services at set prices. The simplicity of the order process will be negated if the threshold by which these formal competition procedures are triggered is the SAT. Moreover, Government agencies will likely see a delay in receiving the goods and services they procure due to the formal RFQ process that is now required and the potential increase in contractor protests due to the formal nature of the competition. It is unclear why the FAR Council would disrupt a process that has created efficiency by which Government agencies can buy routine products and services with ease. The rule, in effect, eliminates the value of MACs.

Finally, in connection with the price reduction clause, the new rule states that contracting officers may seek a price reduction under the Federal Supply Schedules at any time and contracting officers are required to seek a price reduction when placing an order that is over the SAT (FAR 8.405-4 Price Reductions). The requirement that contracting officers seek a price reduction when placing an order over the SAT is inconsistent with the requirement that purchase orders over the SAT be competed. The FAR is built, in part, on the concept that competition drives a fair and reasonable price. As such, it is unclear why contracting officers should seek a further price reduction after a competitive procurement is awarded because the successful contractor has already provided its best price in order to win the procurement. This requirement

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will likely result in contractors preparing their original price list in anticipation of multiple layers of price negotiation during the competitive procurement process and thereafter.

We appreciate your consideration of our comments. AIA would welcome an opportunity to discuss our comments further with you. If you have any questions or need any additional information, please contact me at (703) 358-1087 or susan.tonner@aia-aerospace.org.

Yours sincerely,

A handwritten signature in cursive script that reads "Susan K. Tonner".

Susan K. Tonner
Assistant Vice President
Acquisition Policy