

Pome fruits (crop group 11–10) at 0.04 ppm; Sheep, fat at 0.01 ppm; Sheep, meat at 0.01 ppm; Sheep, meat byproducts at 0.01 ppm; Small fruit vine climbing subgroup (crop subgroup 13–07F) (except fuzzy kiwifruit) at 0.6 ppm; Stone fruits, cherry (crop group 12–12A) at 0.2 ppm; Stone fruits, peach (crop group 12–12B) at 0.03 ppm; Stone fruits, plum (crop group 12–12C) at 0.015 ppm; Tree nuts (crop group 14–12) at 0.01 ppm; and Tuberous and corm vegetables (crop subgroup 1C) at 0.01 ppm. Gas chromatography/mass spectrometry with nitrogen phosphorus detection (GC/NPD), and a gas chromatography/mass spectrometry (GC/MS) method for confirmation of buprofezin residues in plant commodities is proposed for enforcement purposes. Contact: RD.

5. *PP 5F8416*. EPA–HQ–OPP–2011–0985. ISK Biosciences Corporation, 7470 Auburn Road, Suite A, Concord, Ohio, 44077, requests to establish an import tolerance in 40 CFR part 180.613 for residues of the combined residues of the insecticide flonicamid [N-(cyanomethyl)-4-trifluoromethyl]-3-pyridinecarboxamide (CA) or N-cyanomethyl-4-trifluoromethylnicotinamide (IUPAC)] and its metabolites, TFNA [4-trifluoromethylnicotinic acid], TFNA–AM [4-trifluoromethylnicotinamide] and TFNG [N(4-trifluoromethylnicotinoyl)-glycine] in or on dried tea leaves at 40 parts per million (ppm). Analytical methodology has been developed to determine the residues of flonicamid and its three major plant metabolites, TFNA, TFNG, and TFNA–AM in various crops. The residue analytical method for the majority of crops includes an initial extraction with acetonitrile (CAN)/deionized (DI) water, followed by a liquid-liquid partition with ethyl acetate. The residue analytical method for wheat straw is similar, except that a C18 solid phase extraction (SPE) is added prior to the liquid-liquid partition. The final sample solution is quantified using a liquid chromatograph (LC) equipped with a reverse phase column and a quadruple mass spectrometer (MS/MS). Contact: RD.

**Authority:** 21 U.S.C. 346a.

Dated: November 30, 2016.

**Michael Goodis,**

*Acting Director, Registration Division, Office of Pesticide Programs.*

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**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**

**48 CFR Parts 1816 and 1852**

[NFS Case 2016–N027]

RIN 2700–AE32

**NASA Federal Acquisition Regulation Supplement: Award Term**

**AGENCY:** National Aeronautics and Space Administration.

**ACTION:** Proposed rule.

**SUMMARY:** NASA is proposing to amend the NASA Federal Acquisition Regulation (FAR) Supplement (NFS) to add policy on the use of additional contract periods of performance or “award terms” as a contract incentive.

**DATES:** Comments on the proposed rule should be submitted in writing to the address shown below on or before February 7, 2017, to be considered in the formation of a final rule.

**ADDRESSES:** Submit comments identified by NFS Case 2016–N027, using any of the following methods:

○ *Regulations.gov:* <http://www.regulations.gov>. Submit comments via the Federal eRulemaking portal by entering “NFS Case 2016–N027” under the heading “Enter keyword or ID” and selecting “Search.” Select the link “Submit a Comment” that corresponds with “NFS Case 2016–N027.” Follow the instructions provided at the “Submit a Comment” screen. Please include your name, company name (if any), and “NFS Case 2016–N027” on your attached document.

○ *Email:* [marilyn.chambers@nasa.gov](mailto:marilyn.chambers@nasa.gov). Include NFS Case 2016–N027 in the subject line of the message.

○ *Fax:* (202) 358–3082.

○ *Mail:* National Aeronautics and Space Administration, Headquarters, Office of Procurement, Contract and Grant Policy Division, Attn: Marilyn E. Chambers, LP–011, 300 E Street SW., Washington, DC 20546–0001.

**FOR FURTHER INFORMATION CONTACT:** Marilyn E. Chambers, NASA HQ, Office of Procurement, Contract and Grant Policy Division, Suite 5H38, 300 E Street SW., Washington, DC 20456–0001. Telephone 202–358–5154; facsimile 202–358–3082.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

NASA is proposing to amend the NFS to implement policy addressing the use of “award terms” or additional contract periods of performance for which a contractor may earn if the contractor’s sustained performance is superior, the Government has an on-going need for

the requirement, and funds are available for the additional period of performance. The purpose of the policy is to provide a non-monetary incentive for contractors whose sustained performance is excellent. An award term incentive would be used where a longer term relationship (generally more than five years) between the Government and a contractor would provide benefits to both parties. Benefits of award term incentives include a more stable business relationship both for the contractor and its employees (thus retaining a skilled, experienced workforce), motivating excellent performance (including cost savings), fostering contractor capital investment, increasing the desirability of the award (potentially increasing competition), and reduced administrative costs and disruptions in preparing for and negotiating replacement contracts.

Award terms are an incentive and not the same as exercising an option as set forth in FAR 17.207. While there are similarities between an award term and an option, such as funds must be available and the requirement must fulfill an existing Government need, the key difference is that an option may be exercised when the contractor’s performance is acceptable, while earning an award term requires sustained excellent performance.

**II. Discussion**

The FAR subpart 16.4, Incentive Contracts, addresses a variety of techniques to incentivize contractor delivery or technical performance by connecting the amount of profit or fee payable under the contract to the contractor’s performance and payable during the current period of performance. Under conventional incentives, funds are reserved to cover the incentive for the instant performance period. Conversely, an award term could be earned after the base period of performance and any option(s) are exercised; an award term does not involve additional funds beyond the amount of the current performance period.

NASA is proposing to add section 1816.405–277 to address the use of award term incentives and covers the following areas:

- Considerations when planning to use award term incentives.
- Differences between contract options and award term incentives.
- Identifying plans to use award term incentives in acquisition planning.
- Procurement procedures related to processing award term incentives.

- Establishes a minimum contract value of twenty million dollars in order to use award term incentives.

- Sets forth the requirement for an award term plan to be incorporated into the contract and lists the elements of such a plan.

- The Government's unilateral right to not grant or to cancel award terms and the conditions under which this may occur.

Additionally, the clause at 1852.216–XX, Award Term, is added to inform the contractor of the conditions for earning an award term and the fact that, even if the contractor meets the standards of eligibility for an award term, the Government may not grant the award term or cancel the award term under certain listed conditions.

### III. Executive Orders 12866 and 13563

Executive Orders (E.O.s) 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This is not a significant regulatory action and, therefore, was not subject to review under section 6(b) of E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

### IV. Regulatory Flexibility Act

NASA does not expect this rule to have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because, based on current usage, NASA does not expect to award a large number of award term contracts. In those instances when used, award term contracts will include small businesses to the same extent that small businesses are included in other NASA procurements. NASA anticipates that this rule will provide all entities, both large and small, with a positive benefit. However, an initial regulatory flexibility analysis (IRFA) has been performed and is summarized as follows:

The Federal Procurement Data System (FPDS) does not track award term contracts, but a survey of NASA's procurement organizations shows there are currently ten (10) active award term contracts. Of these, six (6) are with small businesses. A range of services are

covered, such as logistics, facilities or technical management and information technology.

The rule imposes no reporting, recordkeeping, or other information collection requirements. The rule does not duplicate, overlap, or conflict with any other Federal rules, and there are no known significant alternatives to the rule. NASA invites comments from small business concerns and other interested parties on the expected impact of this rule on small entities.

NASA will also consider comments from small entities concerning the existing regulations in subparts affected by this rule in accordance with 5 U.S.C. 610. Interested parties must submit such comments separately and should cite 5 U.S.C. 610 (NFS Case 2016–N027), in correspondence.

### V. Paperwork Reduction Act

The rule does not contain any information collection requirements that require the approval of the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. chapter 35).

#### List of Subjects in 48 CFR Parts 1816 and 1852

Government procurement.

**Manuel Quinones,**

*NASA FAR Supplement Manager.*

Accordingly, 48 CFR parts 1816 and 1852 are proposed to be amended as follows:

■ 1. The authority citation for parts 1816 and 1852 continues to read as follows:

**Authority:** 51 U.S.C. 20113(a) and 48 CFR chapter 1.

#### PART 1816— TYPES OF CONTRACTS

■ 2. Amend section 1816.001 by adding in alphabetical order the definition “Term-determining official” to read as follows:

##### 1816.001 Definitions.

\* \* \* \* \*

*Term-determining official* means the designated Agency official who reviews the recommendations of the Award-Term Board in determining whether the contractor is eligible for an award term.

\* \* \* \* \*

■ 3. Add section 1816.405–277 to read as follows:

##### 1816.405–277 Award term.

(a) An award term enables a contractor to become eligible for additional periods of performance or ordering periods under a service contract (as defined in FAR 37.101) by

achieving and sustaining the prescribed performance levels under the contract. It incentivizes the contractor for maintaining superior performance by providing an opportunity for extensions of the contract term.

(b) Award terms are best suited for acquisitions where a longer term relationship (generally more than five years) between the Government and a contractor would provide significant benefits to both. Motivating excellent performance, fostering contractor capital investment, and increasing the desirability of the award, thus potentially increasing competition, are benefits that may justify the use of award terms.

(c) While the administrative burden and cost of more frequent procurements to both the Government and potential offerors should be considered when determining whether to use award terms, this decision must be weighed against market stability, the potential changes and advancements in technology, and flexibility to change direction with mission changes and associated frequent procurements.

(d) Award terms may be used in conjunction with contract options under FAR 17.2. Award terms are similar to contract options in that they are conditioned on the Government's continuing need for the contract and the availability of funds. However, FAR 17.207(c)(7) states the contracting officer must determine that the contractor's performance has been acceptable, *e.g.*, received satisfactory ratings. In contrast, to become eligible for an award term, the contractor must maintain a level of performance above acceptable as specified in the Award Term Plan (see 1816.405–277(i)). In contracts with both option periods and award terms, the award term period of performance or ordering period shall begin after completion of any option period of performance or ordering period.

(e) Contracts with award terms shall include a base period of performance or ordering period and may include a designated number of option periods during which the Government will observe and evaluate the contractor's performance allowing the contractor to earn an award term. Additionally, as specified in the Award Term Plan, the contractor may also be evaluated for additional award terms during performance of an earned award term. If the contractor meets or exceeds the performance requirements, there is an on-going need for and desire to continue the contract, funds are available, and the contractor is not listed in the System for Award Management Exclusions, then the contractor is eligible for contract

extension for the period of the award term.

(f) Contracts with award terms shall comply with FAR and NFS restrictions on the overall contract length, such as the 5-year period of performance limitation found at NFS 1817.204.

(g) Award terms may only be used in acquisitions for services exceeding \$20 million dollars. Use of award terms for lower-valued acquisitions may be authorized in exceptional situations such as contract requirements having direct health or safety impacts, where the judgmental assessment of the quality of contractor performance is critical.

(h) Consistent with the Competition in Contracting Act and general procurement principles, the potential award term periods in a procurement must be priced, evaluated, and considered in the initial contract selection process in order to be valid.

(i) Award term plan. All contracts including award terms shall be supported by an Award Term Plan that establishes criteria for earning an award term and the methodology and schedule for evaluating contractor performance. A copy of the Award Term Plan shall be included in the contract. The Contracting Officer may unilaterally revise the Award Term Plan. Award Term Plans shall—

(1) Identify the officials to include Term-Determining Official involved in the award term evaluation and their function;

(2) Identify and describe each evaluation factor, any subfactors, related performance standards, adjectival ratings, and numerical ranges or weights to be used. The contracting officer should follow the guidance at 1816.405–274 in establishing award term evaluation factors and 1816.405–275 in establishing adjectival rating categories, associated descriptions, numerical scoring system, and weighted scoring system;

(3) Specify the annual overall rating required for the contractor to be eligible for an award term that reflects a level of performance above acceptable and the number of award terms the contractor may qualify for based on the rating score;

(4) Identify the evaluation period(s) and the evaluation schedule to be conducted at stated intervals during the contract period of performance or ordering period so that the contractor will periodically be informed of the quality of its performance and the areas in which improvement is expected (*e.g.*, six months, nine months, twelve months, or at other specific milestones), and when the decision points are for the

determination that the contractor is eligible for an award term; and

(5) Identify the contract's base period of performance or ordering period, any option period(s), and total award-term periods(s). Award term periods shall not exceed one year.

(j)(1) The Government has the unilateral right not to grant or to cancel award term periods and the associated Award Term Plans if—

(i) The contractor has failed to achieve the required performance measures for the corresponding evaluation period;

(ii) After earning an award term, the contractor fails to earn an award term in any succeeding year of contract performance, the contracting officer may cancel any award terms that the contractor has earned, but that have not begun.

(iii) The contracting officer notifies the contractor that the Government no longer has a need for the award term period before the time an award term period is to begin;

(iv) The contractor represented that it was a small business concern prior to award of the contract, the contract was set-aside for small businesses, and the contractor rerepresents in accordance with FAR clause 52.219–28 Post-Award Small Business Program Rerepresentation, that it is no longer a small business; or

(v) The contracting officer notifies the contractor that funds are not available for the award term.

(2) When an award term period is not granted or cancelled, any—

(i) Prior award term periods for which the contractor remains otherwise eligible are unaffected.

(ii) Subsequent award term periods are also cancelled.

(k) Cancellation of an award term period that has not yet commenced for any of the reasons set forth in paragraph (j) shall not be considered either a termination for convenience or termination for default, and shall not entitle the Contractor to any termination settlement or any other compensation. If the award term is cancelled, a unilateral modification will cite the clause as the authority.

■ 4. Amend section 1816.406–70 by adding paragraph (g) to read as follows:

**1816.406–70 NASA contract clauses.**

\* \* \* \* \*

(g) Insert the clause at 1852.216–72, Award Term in solicitations and contracts for services exceeding \$20 million when award terms are contemplated.

**PART 1852—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

■ 5. Add section 1852.216–XX to read as follows:

**1852.216–XX Award term.**

As prescribed in 1816.406(g), insert the following clause:

**AWARD TERM (MONTH YEAR)**

(a) Based on overall Contractor performance as evaluated in accordance with the Award Term Plan, the Contracting Officer may extend the contract for the number and duration of award terms as set forth in the Award Term Plan subject to the Government's continuing need for the contract and the availability of funds.

(b) The Contracting Officer will execute any earned award term period(s) through a unilateral contract modification. All contract provisions continue to apply throughout the contract period of performance or ordering period, including any award term period(s).

(c) The Government will evaluate offerors for award purposes by adding the total price for all options and award terms to the price for the basic requirement. This evaluation will not obligate the Government to exercise any options or award term periods.

(d) The Award Term Plan is attached in Section J. The Award Term Plan provides the methodology and schedule for evaluating Contractor performance, determining eligibility for an award term, and, together with Agency need for the contract and availability of funding, serves as the basis for award term decisions. The Contracting Officer may unilaterally revise the Award Term Plan. Any changes to the Award Term Plan will be in writing and incorporated into the contract through a unilateral modification citing this clause prior to the commencement of any evaluation period. The Contracting Officer will consult with the Contractor prior to the issuance of a revised Award Term Plan; however, the Contractor's consent is not required.

(e) The award term evaluation(s) will be completed in accordance with the schedule in the Award Term Plan. The Contractor will be notified of the results and its eligibility to be considered for the respective award term no later than 120 days after the evaluation period set forth in the Award Term Plan. The Contractor may request a review of an award term evaluation which has resulted in the Contractor not earning the award term. The request shall be

submitted in writing to the Contracting Officer within 15 days after notification of the results of the evaluation.

(f) *Right not to grant or cancel the award term.* (1) The Government has the unilateral right not to grant or to cancel award term periods and the associated Award Term Plan if—

(i) The Contractor has failed to achieve the required performance measures for the corresponding evaluation period;

(ii) After earning an award term, the contractor fails to earn an award term in any succeeding year of contract performance, the contracting officer may cancel any award terms that the contractor has earned, but that have not begun.

(iii) The Contracting Officer has notified the Contractor that the Government no longer has a need for the award term period before the time an award term period is to begin;

(iv) The Contractor represented that it was a small business concern prior to award of this contract, the contract was

set-aside for small businesses, and the Contractor rerepresents in accordance with FAR clause 52.219–28, Post-Award Small Business Program Rerepresentation, that it is no longer a small business; or

(v) The Contracting Officer has notified the Contractor that funds are not available for the award term.

(2) When an award term period is not granted or cancelled, any—

(i) Prior award term periods for which the contractor remains otherwise eligible are unaffected, except as provided in paragraph (g) of this section; or

(ii) Subsequent award term periods are also cancelled.

(g) Cancellation of an award term period that has not yet started for any of the reasons set forth in paragraph (f) shall not be considered either a termination for convenience or termination for default, and shall not entitle the Contractor to any termination settlement or any other compensation.

(h) Cancellation of an award term period that has not yet commenced for

any of the reasons set forth in paragraph (f) and (g) of this clause shall not be considered either a termination for convenience or termination for default, and shall not entitle the Contractor to any termination settlement or any other compensation. If the award term is cancelled, a unilateral modification will cite this clause as the authority.

(i) Funds are not presently available for any award term. The Government's obligation under any award term is contingent upon the availability of appropriated funds from which payment can be made. No legal liability on the part of the Government for any award term payment may arise until funds are made available to the Contracting Officer for an award term and until the Contractor receives notice of such availability, to be confirmed in writing by the Contracting Officer.

(End of clause)

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