

**OMB No. 0704-0214**  
**Supporting Statement**

**DFARS Part 217 – Special Contracting Methods**

**A. Justification**

**1. Requirement.** This is a request for extension of the information collection requirements in the Department of Defense (DoD) currently approved under OMB Clearance Number 0704-0214 for DFARS Part 217 Special Contracting Methods, of the Defense Federal Acquisition Regulation Supplement (DFARS) and the related provisions and clauses at Part 252.217. The approval for 0704-0214 expires on December 31, 2011.

DFARS Part 217 contains the following information collection requirements:

a. Paragraph (d)(3) of the clause at DFARS 252.217-7012 requires the contractor to show evidence of insurance under a master agreement for vessel repair and alteration.

b. Paragraphs (f) and (g) of the clause at DFARS 252.217-7012 require the contractor to notify the contracting officer of any property loss or damage for which the Government is liable and to submit to the contracting officer a request, with supporting documentation, for reimbursement of the cost of replacement or repair.

c. The provision at DFARS 252.217-7026 requires the apparently successful offeror to identify its sources of supply.

d. Paragraphs (c) and (e) of the clause at DFARS 252.217-7028 require the contractor to submit to the contracting officer a work request and proposal for “over and above” work.

e. Paragraph (a) of DFARS 217.7004, Exchange of Personal Property, requires that solicitations which contemplate exchange (trade-in) of personal property and application of the exchange allowance to the acquisition of similar property (see 40 U.S.C. 481), shall include a request for offerors to state prices for the new items being acquired both with and without any exchange (trade-in allowance).

f. Paragraph (b) of DFARS 217.7404-3, Undefined Contract Actions, requires the contractor to submit a “qualifying proposal” in accordance with the definitization schedule. A qualifying proposal is defined in 217.7401(c) as a proposal containing sufficient information for the DoD to do complete and meaningful analyses and audits of the information in the proposal, and any other information that the contracting officer has determined DoD needs to review in connection with the contract.

g. Paragraph (d) of DFARS 217.7505, Acquisition of Replenishment Parts, permits contracting officers to include in sole-source solicitations that include acquisition of replenishment parts, a provision requiring that the offeror supply with its proposal, price and

quantity data on any Government orders for the replenishment part issued within the most recent 12 months (see 10 U.S.C. 2452 note, Spare Parts and Replacement Equipment, Publication of Regulations).

**2. Purpose.** DFARS Part 217 prescribes policies and procedures for acquiring supplies and services by special contracting methods. Contracting officers use the information to:

a. Determine that the contractor is adequately insured. This requirement supports prudent business practice because it limits the Government's liability as a related party to the work the contractor performs.

b. Determine the extent of work to be performed under a master agreement to keep informed of lost or damaged property for which the Government is liable, and to determine the appropriate course of action for replacement or repair of the property.

c. Identify the apparently successful offeror's sources of supply so that competition can be enhanced in future acquisitions. This collection complies with 10 U.S.C. 2384, Supplies: identification of supplier and sources, which requires the contractor to identify the actual manufacturer or all sources of supply for supplies furnished under contract to DoD.

d. Determine the extent of "over and above" work before the work commences. This requirement supports prudent business practice because it allows the Government to review the need for pending work before the contractor begins performance.

e. Contemplate exchange (trade-in) of personal property and application of the exchange allowance to the acquisition of similar property (see 40 U.S.C. 481). This requirement shall include a request for offerors to state prices for the new items being acquired both with and without any exchange (trade-in allowance).

f. Evaluate a contractor's "qualifying proposal" in accordance with the definitization schedule. This requirement will require receipt of a qualifying proposal containing sufficient information for the DoD to do complete a meaningful analyses and audit of the information in the proposal, and any other information that the contracting officer has determined DoD needs to review in connection with the contract.

g. Include a provision requiring that the offeror supply with its proposal, price and quantity data on any Government orders for the replenishment part issued within the most recent 12 months. This provision shall be placed in sole-source solicitations that include acquisition of replenishment parts.

**3. Information Technology.** Improved information technology is used to the maximum extent practicable. This information collection requirement may be submitted electronically where electronic submission is feasible.

**4. Duplication.** As a matter of policy, DoD reviews the Federal Acquisition Regulation (FAR)

to determine if adequate language already exists. The guidance in DFARS 217 only applies to DoD and is not duplicative of the FAR. No similar information is available elsewhere.

**5. Small Business.** The collections associated with paragraphs 1a and 1e are the minimum consistent with applicable laws, regulations, and prudent business practices. The collections associated with paragraphs 1b, 1c, 1d, 1f and 1g are not expected to have a significant impact on a substantial number of small business or other small entities. The requirement to notify the contracting officer only applies to a small number of contractors that have contracts for ship repair.

**6. Consequences for non-collection.** DoD specialist who are most knowledgeable of the requirements and need for the information reviewed the collection frequency. Every attempt has been made to keep the frequency of collection to a minimum without jeopardizing the ability of the Government to assure that offerors are submitting adequate responses to requests for proposal. This information is collected in response to individual solicitations. Where feasible, this information is only collected from the successful offeror, prior to contract award. Contracting officers could not perform their administrative functions effectively and efficiently if the information were collected less frequently.

**7. Special circumstances.** There are no special circumstances that require the collection to be conducted in any manner listed in 5 CFR 1320.5(d)(2).

**8. Public comments and consultation.** Public comments were solicited in Federal Register on August 30, 2011 (76 FR 53886), as required by 5 CFR 1320.8(d). No public comments were received in response to the Federal Register Notice.

**9. Payment to respondents.** No payment or gift will be provided to respondents to this information collection requirement.

**10. Confidentiality.** This information is disclosed only to the extent consistent with prudent business practices and current regulations and statutory requirements. No assurance of confidentiality is provided to respondents.

**11. Sensitive questions.** No sensitive questions are involved.

**12. Estimated cost.** We estimated the hour burden using information from the prior clearance and estimates and processing times from contracting professionals familiar with the solicitation process. We have no reason to believe that there has been a substantial change in the number of contractors subject to these requirements. With the exception of the decrease in the number of qualifying proposals in response to undefinitized contract actions, data estimates for all other information collection requirements remain relatively unaffected by new legislation or regulation changes. General Schedule labor rates have been updated to reflect FY 2011 rates.

a. DFARS 252.217-7012(d)(3) requires contractors to show evidence of insurance under master agreements for vessel repair and alteration. Based on data retrieved from the Federal

Procurement Data System (FPDS) database of contract actions for fiscal year 2010 and consultations with DoD personnel, we estimate approximately 30 master agreements per year. We estimate that a contractor will take, on average, 1 hour to copy and provide the contracting officer the required evidence. The estimated burden for this requirement is:

Number of Respondents	30
Average Responses per respondent	1
Number of responses	30
Average hours per response	1
Estimated hours	30
Cost per hour <sup>1</sup>	\$37.14
Total annual public burden	\$1,114.20

Note 1: Equivalent to 2011 Year GS9 Step 5 (Rest of US) rate of \$28.04, plus burden of 32.45%.

b. DFARS 252.217-7012(f) and (g) require the contractor to notify the contracting officer of any property loss or damage for which the Government is liable, and to submit to the contracting officer a request for reimbursement of the cost of replacement or repair with supporting documentation. Based on FPDS data, we estimate approximately 900 orders per year for additional work under master agreements. We estimate that a contractor needs 8 hours to prepare and submit the request to the contracting officer. The estimated burden for this requirement is:

Number of Respondents	30
Average Responses per respondent	30
Number of responses	900
Average hours per response	8
Estimated hours	7,200
Cost per hour <sup>1</sup>	\$37.14
Total annual public burden	\$267,408.00

Note 1: Equivalent to 2011 Year GS9 Step 5 (Rest of US) rate of \$28.04, plus burden of 32.45%.

c. The provision at 252.217-7026 requires apparently successful offerors to identify their source of supplies when the acquisition is conducted under other than full and open competition. Based on FPDS data and information received from Navy representatives, we estimate approximately 23,900 contracts awarded under other than full and open competition. Contractors are required to reveal their sources of supply under those contracts. We estimate that a contractor would take, on the average, 24 hours to identify and supply the required information to the Government. The estimated burden for this requirement is:

Number of Respondents	23,900
Average Responses per respondent	1
Number of responses	23,900
Average hours per response	24

Estimated hours	573,600
Cost per hour <sup>1</sup>	\$ 37.14
Total annual public burden	\$21,303,504.00

Note 1: Equivalent to 2011 Year GS9 Step 5 (Rest of US) rate of \$28.04, plus burden of 32.45%.

d. DFARS 252.217-7028 requires contractors to submit a work request and a proposal for “over and above” work to the contracting officer. Based on available FPDS data, we estimate there will be approximately 3,031 actions awarded for “over and above” work per year. Since the contractor must submit a work request and a proposal for each action, we estimate that there are 102,200 (51,100 contractors with 2 submissions each) contractor submission per year. We further estimate that it takes the contractor, on the average, 4 hours to prepare and submit the request/proposal. The estimated burden for this requirement is:

Number of Respondents	25,550
Average Responses per respondent	2
Number of responses	51,100
Average hours per response	4
Estimated hours	204,400
Cost per hour <sup>1</sup>	\$37.14
Total annual public burden	\$7,591,416.00

Note 1: Equivalent to 2011 Year GS9 Step 5 (Rest of US) rate of \$28.04, plus burden of 32.45%.

e. DFARS 217.70, Exchange of Personal Property, paragraph 217.7004(a) requires that solicitations which contemplate exchange (trade-in) of non-excess personal property and application of the exchange allowance to the acquisition of similar property (see 40 U.S.C. 481), shall include a request for offerors to state prices for the new items being acquired both with and without any exchange (trade-in allowance). Based on FPDS data, we estimate 1,574 solicitations per year for exchangeable property, 4 responses per solicitation, 4 responses per respondent, and 1 hour per response. The estimated burden for this requirement is:

Number of Respondents	1,574
Average Responses per respondent	4
Number of responses	6,296
Average hours per response	1
Estimated hours	6,296
Cost per hour <sup>1</sup>	\$44.93
Total annual public burden	\$282,879.28

Note 1: Equivalent to 2011 Year GS11 Step 5 (Rest of US) rate of \$33.92, plus burden of 32.45%.

f. DFARS 217.74, Undefined Contract Actions, paragraph 217.7404-3(b). In accordance with 10 U.S.C. 2326, unless an exception in 217.7404-5 applies, paragraph (b) of section 217.7404-3, requires, the contractor to submit a “qualifying proposal” in accordance with

the definitization schedule. A qualifying proposal is defined in 217.7401(c) as a proposal containing sufficient information for the DoD to do a complete and meaningful analyses and audits of the information in the proposal, and any other information that the contracting officer has determined DoD needs to review in connection with the contract.

The number of undefinitized contract actions and associated qualifying proposals has decreased significantly since 2008 from an average of 26,388 responses per year to 5,765 responses in 2010. Since 2008 DOD has taken several actions to enhance departmental insight into and oversight of UCAs. Specifically, DOD issued policy that requires centralized, semi-annual reporting of undefinitized actions to gain insight in UCA use, including information on reason for award, obligation amounts at award, and definitization timelines. In addition, DOD has taken steps to clarify guidance on the types of contract actions to be reported. DOD has also required components to submit management plans to describe actions taken for improved UCA use. We consider these measures to have contributed to the decrease in the number of UCAs and the decrease in the number of contractor qualifying proposals.

Based on FPDS data, 1,229 letter contracts and 4,536 orders were definitized in fiscal year 2010. Accordingly, we estimate the same number of qualifying proposals was submitted. The estimated burden for this requirement is:

Number of Respondents	655
Average Responses per respondent	9
Number of responses	5,765
Average hours per response	12
Estimated hours	70,216
Cost per hour <sup>1</sup>	\$64.04
Total annual public burden	\$4,496,631.05

Note 1: Equivalent to 2011 Year GS13 Step 5 (Rest of US) rate of \$48.35, plus burden of 32.45%.

g. DFARS 217.75, Acquisition of Replenishment Parts, paragraph 217.7505(d). Paragraph (d) of Section 217.7505 permits contracting officers to include in sole-source solicitations that include acquisition of replenishment parts, a provision requiring that the offeror supply with its proposal, price and quantity data on any Government orders for the replenishment part issued within the most recent 12 months (see 10 U.S.C. 2452 note, Spare Parts and Replacement Equipment, Publication of Regulations).

Based on FPDS data, we estimate approximately 1,050 sole-source solicitations per year for acquisitions of \$1 million or more, of which approximately 525 are for supplies, we estimate 100 solicitations may require such data on prior pricing of replenishment parts, 1 respondent per solicitation, 1 response per respondent, and 2 hours per response. The estimated burden for this requirement is:

Number of Respondents	100
Average Responses per respondent	1

Number of responses	100
Average hours per response	2
Estimated hours	200
Cost per hour	\$44.93
Total annual public burden	\$8,986.00

Note 1: Equivalent to 2011 Year GS11 Step 5 (Rest of US) rate of \$33.92, plus burden of 32.45%.

h. Sum totals of the burdens from paragraphs a through g:

Number of Respondents	51,839
Average Responses per respondent <sup>1</sup>	2
Number of responses	88,091
Average hours per response	10
Estimated hours	861,942
Cost per hour <sup>2</sup>	\$39.39
Total annual public burden	\$33,951,938.53

Note 1: Determined by dividing total number of responses by number of respondents.

Note 2: Calculated from a weighted average of total annual cost burden divided by total annual hours.

**13. Estimated nonrecurring costs.** We estimate that there are no nonrecurring costs, i.e., capital and start-up operation and maintenance costs other than the hour burden detailed in section 12.

**14. Estimated cost to Government.** The time required for Government Review of the requirements is based on receiving, reviewing, and analyzing the information submitted by the contractor. We estimate approximately 9 hours, on average, to evaluate information requirements in DFARS Part 217. Our estimate considers the time required to receive, review, and analyze information submitted by contractors. We estimated the Government burden as follows:

a. DFARS 252.217-7012(d)(3)

Number of Responses	30
Average hours per response	2
Estimated hours	60
Cost per hour	\$37.14
Total annual public burden	\$2,228.00

b. DFARS 252.217-7012(f) and(g)

Number of Responses	900
Average hours per response	10

Estimated hours	9,000
Cost per hour	\$37.14
Total annual public burden	\$334,260.00

c. DFARS 252.217-7026:

Number of Responses	23,900
Average hours per response	3.5
Estimated hours	83,650
Cost per hour	\$37.14
Total annual public burden	\$3,106,761.00

d. DFARS 252.217-7028(c) and (e):

Number of Responses	51,100
Average hours per response	12.5
Estimated hours	638,750
Cost per hour	\$37.14
Total annual public burden	\$23,723,175.00

e. DFARS 217-7004(a)

Number of Responses	6,296
Average hours per response	.5
Estimated hours	3,148
Cost per hour	\$44.93
Total annual public burden	\$141,439.64

f. DFARS 217.7404-3(b)

Number of Responses	5,765
Average hours per response	4.3
Estimated hours	24,790
Cost per hour	\$64.04
Total annual public burden	\$1,587,519.58

g. DFARS 217.7505(d)

Number of Responses	100
Average hours per response	2
Estimated hours	200
Cost per hour	\$44.93
Total annual public burden	\$8,986.00



h. Sum total of the burdens in a through g:

Number of Responses	88,091
Average hours per response	8.6
Estimated hours	759,598
Cost per hour <sup>1</sup>	\$43.21
Total annual Government burden	\$28,904,370

Note 1: The cost per hour is calculated as a weighted average for all Information Collection requirements, which includes GS9, GS11 and GS13 rates based on experience requirements. Total annual burden costs are rounded to the nearest dollar.

The total annual cost to the public has decreased by \$9,700,598.13 mainly because of the reduction in the number of qualifying UCA definitization proposals per DFARS 217.7404-3(b).

**15. Program Changes.** There are no program changes. The changes to item 12 and 14 are due to using more current cost per labor hour data and a reduction in the number of undefinitized contract actions and associated contractor qualifying proposals, based on FY 2010 data and consultation with DoD personnel.

**16. Publication.** Results of this information collection will not be published.

**17. Expiration Date.** We do not seek approval to not display the expiration date for OMB approval of the information collection.

**18. Certification.** There are no exceptions to the certification statement identified in Item 19 of OMB Form 83-I.

**B. Collections of Information Employing Statistical Methods.**

Results will not be tabulated. Statistical methods will not be employed.