



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

AUG 1 2011

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Pilot Program for Acquisition of Military-Purpose Nondevelopmental Items from Nontraditional Defense Contractors

The Director, Defense Procurement and Acquisition Policy published an interim rule on June 29, 2011 adding a new DFARS Subpart 212.71 to establish a pilot program for the acquisition of military-purpose nondevelopmental items from nontraditional defense contractors as authorized by section 866 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011. DFARS 212.71 implements section 866, defines the requirements for contract awards under the pilot program, and establishes an annual reporting requirement.

Contracts under the pilot program:

- must be competitively awarded;
- must be firm-fixed-price or fixed-price contracts with economic price adjustment;
- may not exceed \$50 million;
- are exempt from certified cost or pricing data requirements and cost accounting standards;
- are subject to the requirement to provide data other than certified cost or pricing data in support of price reasonableness determinations;
- must provide for an initial lot of production quantities of completed items to be delivered within nine months of contract award or, if not, the contract may be terminated for cause; and
- may not be awarded beyond January 6, 2016, on which date the authority to carry out the pilot program expires.

The purpose of this pilot program is to assess whether it is feasible and advisable to acquire military-purpose nondevelopmental items from nontraditional defense contractors using the streamlined procedures applicable to commercial items. DOD will test if these procedures serve as an incentive for nontraditional defense contractors to:

- channel investment and innovation into areas that are useful to DOD; and,
- provide items developed exclusively at private expense to meet validated military requirements.

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To facilitate this assessment, DFARS requires that in October of each year DASN(A&P) report on contracts awarded under the pilot program. To meet this requirement, DON contracting activities must report by October 15 all awards effected through the pilot program authority as of September 30 using the attached format. Submit the report to DASN(A&P)/PABT by electronic mail at RDAJ&As@navy.mil. If no awards are made during the reporting period, a negative report is required.

My action officer for the reporting requirement is Ron Ostrom, available at ronald.ostrom@navy.mil or (703) 693-4012. Contact Evelyn Ortiz, available at evelyn.ortiz@navy.mil or (703) 614-9640, with inquiries on the pilot program policy.


Allie Coetzee
CAPT, SC, USN
Executive Director
DASN(Acquisition & Procurement)

Attachment:
As stated

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