

UNIT 11: RECURRING REQUIREMENTS

September 2004

UNIT CERTIFICATION

Statement of Completion

_____ has satisfactorily completed training in the duty of this Unit under the conditions described below and in accordance with the overall standard(s) for this Unit.

Duty	Determine whether and how to provide for recurring requirements.
Conditions	Given forecast requirements, written or unwritten acquisition plans, market research, Procurement Request, other related documents, and decisions on applicable evaluation factors and method of acquisition.
Overall Standard	Establish the optimum terms and conditions for recurring requirements when such provisions would lower the expected cost to the Government of meeting such requirements.

Evaluator
_____ Name
_____ Title
_____ Date

UNIT 11: RECURRING REQUIREMENTS

September 2004

Insert documentation to support completed training.

UNIT 11: RECURRING REQUIREMENTS

September 2004

Policies

<i>FAR</i>	<i>Agency Suppl.</i>	<i>Subject</i>
3.501		Buying in.
8.104		Obtaining nonreportable property. GSA will assist agencies in meeting their requirements for supplies of the types excepted from reporting as excess by the Federal Management Regulations (41 CFR 102-36.90). Federal agencies requiring such supplies should contact the appropriate GSA regional office.
8.404(b)(4)		Establishing Federal Supply Schedule blanket purchase agreements.
13.103		Standing price quotations.
13.106-1(e)		Using options when soliciting competition using simplified acquisition procedures.
13.303		Blanket purchase agreements.
13.403		Preparation and execution of orders fast payment procedures.
16.5		Indefinite-delivery contracts.
16.7		Agreements.
17.1		Multi-year contracting.
17.2		Options.
35.015(b)		Use of basic agreements for research with educational institutions and nonprofit organizations.
38		38.000 Scope of part. This part prescribes policies and procedures for contracting for supplies and services under the Federal Supply Schedule program, which is directed and managed by the General Services Administration (see Subpart 8.4, Federal Supply Schedules, for additional information).
52.213		52.213-1 Fast Payment Procedure 52.213-2 Invoices 52.213-3 Notice to Supplier 52.213-4 Terms and Conditions-Simplified Acquisitions (Other Than Commercial Items).
52.216-18		Ordering.
52.216-19		Order limitations.
52.216-20		Definite quantity.
52.216-21		Requirements.
52.216-22		Indefinite quantity.
52.217-2		Cancellation under multi-year contracts.
52.217-6		Option for increased quantity.

UNIT 11: RECURRING REQUIREMENTS

September 2004

<i>FAR</i>	<i>Agency Suppl.</i>	<i>Subject</i>
52.217-7		Option for increased quantity – separately priced line item.
52.217-8		Option to extend services.
52.217-9		Option to extend the term of the contract.

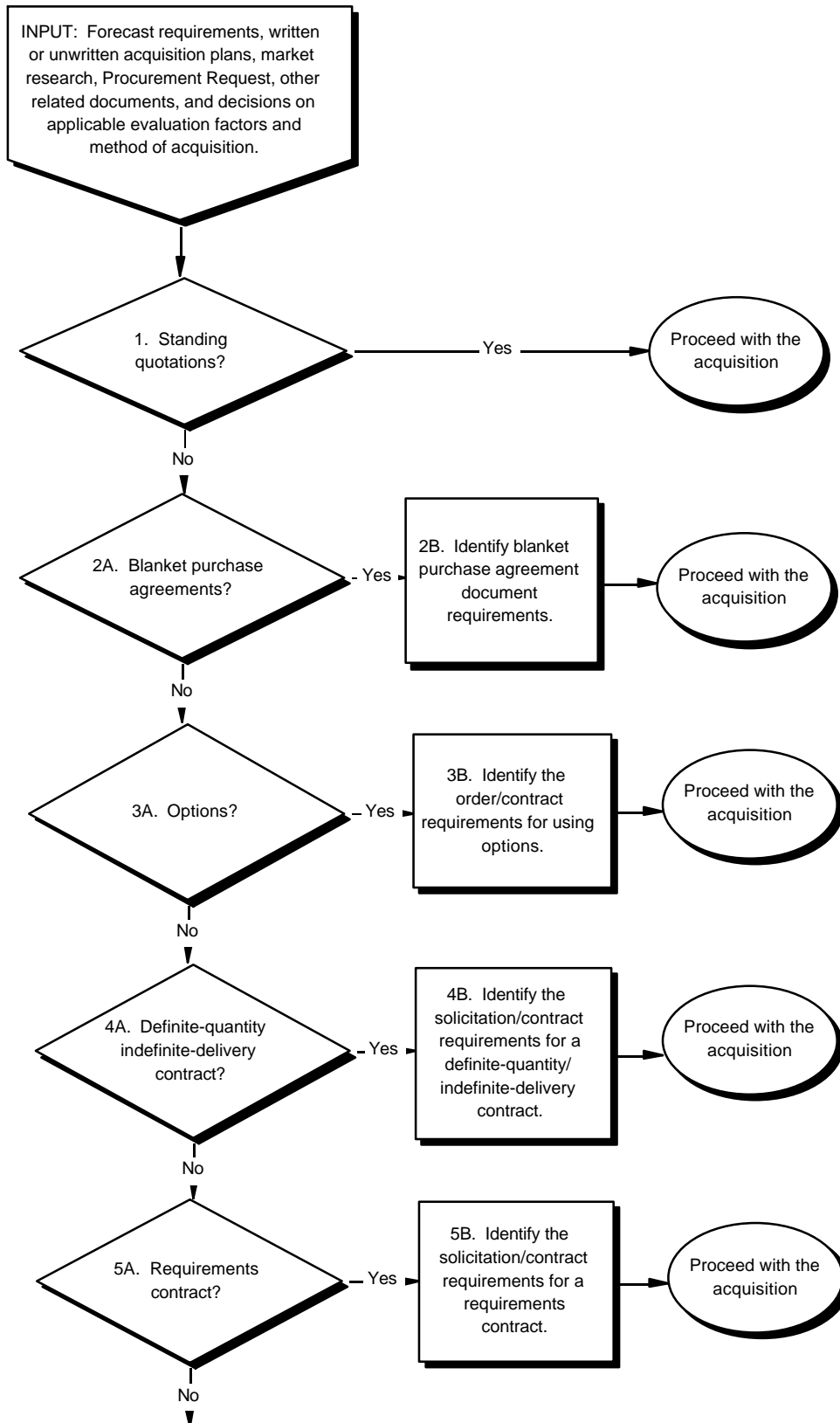
Other KSAs

1. Knowledge of the budget process, when each type of appropriation is applicable, and the Anti-Deficiency Act.
2. Knowledge of when obligation of funds occurs during the contract action.
3. Knowledge of sources of data on market prices.
4. Skill at forecasting market prices and analyzing the pricing decisions of business entities, in terms of determining whether the realism of amounts obligated against a requirement.
5. Knowledge of the relationship between line and staff authority.
6. Knowledge of the role of service departments such as procurement in supporting line managers on mission accomplishment.
7. Ability to communicate and exercise leadership in working with line managers.
8. Ability to apply sound business judgment to selecting the appropriate method to provide for recurring requirements.
9. Ability to persuade others in and outside the Government concerning the advantages of a selected method to provide for recurring requirements.
10. Ability to make decisions based on a customer services perspective and available information.
11. Ability to maintain the honesty and integrity of the acquisition process.

Other Policies and References (Annotate As Necessary):

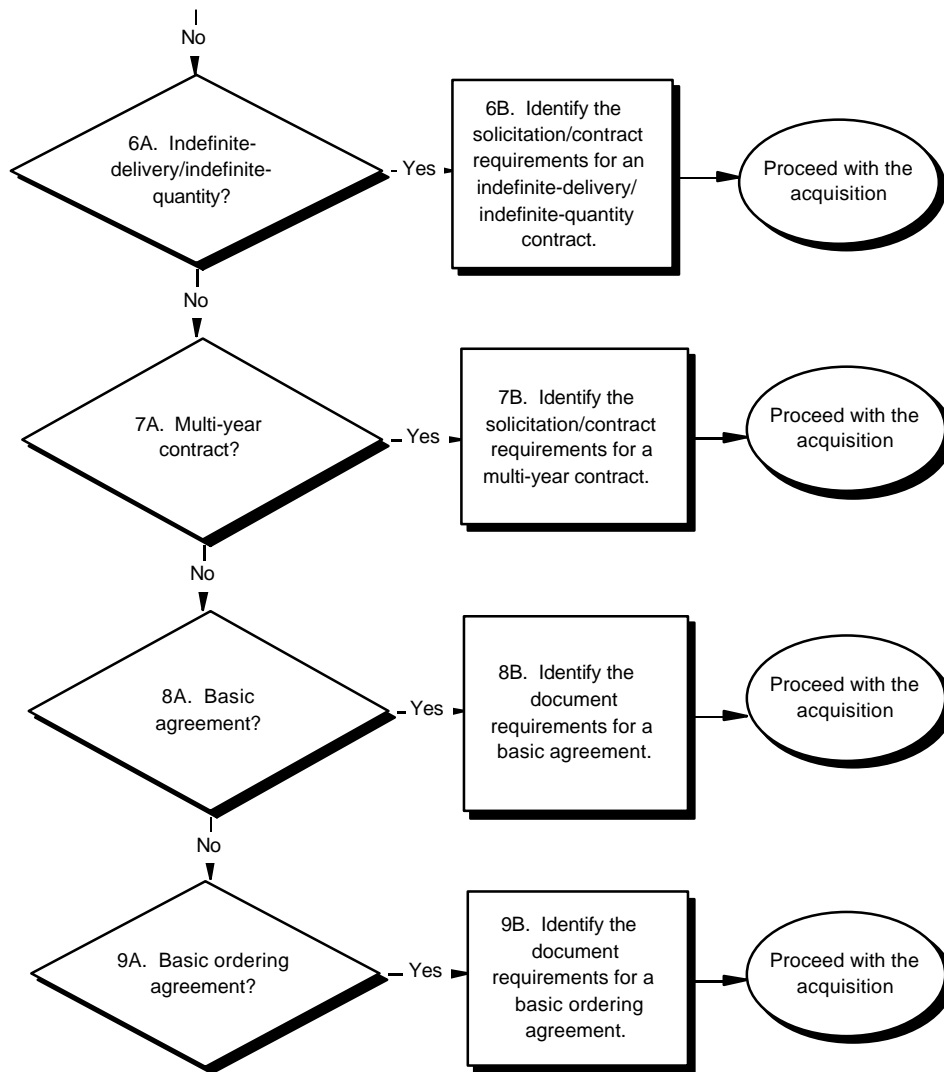
UNIT 11: RECURRING REQUIREMENTS

September 2004



UNIT 11: RECURRING REQUIREMENTS

September 2004



UNIT 11: RECURRING REQUIREMENTS

September 2004

Tasks	Related Standards
<p>1. Determine whether to provide for recurring requirements using standing quotations.</p>	<p>Solicit and negotiate standing prices:</p> <ul style="list-style-type: none"> • In combination with blanket purchase agreements, to pre-price calls, or as a stand-alone method for streamlining the process of contracting for recurring requirements. • When planning to buy repeated quantities of the same products under the simplified acquisition threshold (SAT) (and the expected cumulative amount will not exceed SAT). • Prices are expected to be stable over the buying period.
<p>2A. Determine whether to provide for recurring requirements using blanket purchase agreements.</p>	<p>Use a blanket purchase agreement (BPA) when individual requirements will not exceed the simplified acquisition threshold (SAT) or \$5 million for commercial items:</p> <ul style="list-style-type: none"> • The contracting activity will purchase a wide variety of items in a broad class of goods (e.g., hardware) but exact items, quantities, and delivery requirements are not known in advance and may vary considerably. • There is a need to provide commercial sources of supply for one or more offices or projects in a given area that do not have or need authority to purchase otherwise. • The use of this procedure would avoid the writing of numerous purchase orders. • There is no existing requirements contract for the same supply or service that the contracting activity is required to use.
<p>2B. Identify blanket purchase agreement document requirements.</p>	<p>A Procurement Request is not required to establish a BPA. After determining that a BPA would be advantageous:</p> <ul style="list-style-type: none"> • Establish the parameters to limit purchases to individual items or commodity groups or classes, or permit the supplier to furnish unlimited supplies or services; and

UNIT 11: RECURRING REQUIREMENTS

September 2004

Tasks	Related Standards
	<ul style="list-style-type: none"> • Consider suppliers whose past performance has shown them to be dependable, quality suppliers with reasonable prices. A BPA may be established with: <ul style="list-style-type: none"> - One supplier for a particular type of requirement; - Multiple suppliers to maintain competition for a particular type of requirement; or - Federal Supply Schedule contractors, if not inconsistent with the schedule contracts. • Assure that the agreement includes: <ul style="list-style-type: none"> - A description of the agreement; - A statement that the Government is only obligated for purchases actually made; - Dollar limitation for each purchase; - Individuals authorized to purchase; - Delivery ticket requirements; - Invoice requirements; and - The clauses required by FAR 13.303-4.
<p>3A. Determine whether to provide for recurring requirements using options.</p>	<p>Use an option(s) for additional supply quantities or an extended period of service when it is in the Government's interest.</p> <p>An option is normally not in the Government's interest when:</p> <ul style="list-style-type: none"> • The foreseeable requirements involve: <ul style="list-style-type: none"> - Minimum economic quantities; and - Delivery requirements far enough into the future to permit competitive acquisition, production, and delivery. • An indefinite quantity or requirements contract would be more appropriate. However, options may be used with these contract types. <p>Never use an option if:</p> <ul style="list-style-type: none"> • The contractor will incur undue risks; • Market prices for the requirement are likely to change substantially; or

UNIT 11: RECURRING REQUIREMENTS

September 2004

Tasks	Related Standards
	<ul style="list-style-type: none"> • The option represents known firm requirements for which funds are available unless: <ul style="list-style-type: none"> - The basic quantity is a learning or testing quantity; and - Competition for the option is impracticable once the initial contract is awarded.
<p>3B. Identify the order/contract requirements for using options.</p>	<p>The contract file must include a written justification for:</p> <ul style="list-style-type: none"> • The quantities or term under the option; • The notification period for exercising the option; and • Any limitation on the option price. <p>The solicitation must include the appropriate option provision and clause. The clause should be substantially the same as one of the following:</p> <ul style="list-style-type: none"> • Option for increased quantity (FAR 52.217-6); • Option for increased quantity – separately priced line item (FAR 52.217-7); • Option to extend services (FAR 52.217-8); or • Option to extend the term of the contract (FAR 52.217-9).
<p>4A. Determine whether to provide for recurring requirements using a definite-quantity/indefinite-delivery contract.</p>	<p>Use a indefinite-delivery/definite-quantity (IDDDQ) contract when:</p> <ul style="list-style-type: none"> • The required quantity is known and funded at the time of award, • The delivery schedule is not firm, and • The supplies or services are regularly available or will be available after a short lead time.
<p>4B. Identify the solicitation/contract requirements for a definite-quantity/indefinite-delivery contract.</p>	<p>The solicitation must include:</p> <ul style="list-style-type: none"> • The FAR 52.216-18, Ordering, clause. Insert the dates for authorized ordering. • A clause substantially the same as the FAR 52.216-19, Order Limitations, clause. Insert minimum and maximum order limitations and the number of days that the

UNIT 11: RECURRING REQUIREMENTS

September 2004

Tasks	Related Standards
	<p>contractor has to reject an order that exceeds the maximum order limitation.</p> <ul style="list-style-type: none"> • The FAR 52.216-20, Definite Quantity, clause. Insert the date by which all orders must be completed. • The activity or activities authorized to place orders.
<p>5A. Determine whether to provide for recurring requirements using a requirements contract.</p>	<p>Use a requirements contract when the Government:</p> <ul style="list-style-type: none"> • Anticipates recurring requirements of specific supplies or services; • Cannot predetermine the precise quantities that designated Government activities will need during a definite period; and • Anticipates that agreeing to acquire the estimated quantity from a single contractor will be advantageous. <p>For the information of offerors and contractors, the Government must be able to state a realistic estimated total quantity for each item in the solicitation and resulting contract. However, the Government is not obligated to order the estimated quantity.</p> <p>Never use a requirements contract for advisory and assistance services in excess of three years and \$10,000,000 (including all options) unless the Contracting Officer or other official designated by the head of the agency determines in writing that the:</p> <ul style="list-style-type: none"> • Services required are so unique or highly specialized that it is not practicable to make multiple awards; or • Advisory and assistance services are necessarily incident to, and not a significant component of, the contract.
<p>5B. Identify the solicitation/contract requirements for a requirements contract.</p>	<p>The solicitation must include:</p> <ul style="list-style-type: none"> • The FAR 52.216-18, Ordering, clause. Insert the dates for authorized ordering. • A clause substantially the same as the

UNIT 11: RECURRING REQUIREMENTS

September 2004

Tasks	Related Standards
	<p>FAR 52.216-19, Order Limitations, clause. Insert minimum and maximum order limitations and the number of days that the contractor has to reject an order that exceeds the maximum order limitation.</p> <ul style="list-style-type: none"> • The FAR 52.216-21, Requirements, clause. Insert the date by which all orders must be completed. • The estimated quantity required for each item during the contract period. • The activity or activities authorized to place orders. • When acquiring work (e.g., repair, modification, or overhaul) on existing items of Government property, specify that Government failure to furnish such items in the estimated quantities will not entitle the contractor to any equitable adjustment in price under the Government Property clause.
<p>6A. Determine whether to provide for recurring requirements using an indefinite-delivery/indefinite-quantity contract.</p>	<p>Use an indefinite-delivery/indefinite-quantity (IDIQ) contract when the Government anticipates a recurring need but cannot predetermine, above a specified minimum, the precise quantities of supplies or services that the Government will require during the contract period, and it is inadvisable for the Government to commit itself for more than a minimum quantity.</p>
<p>6B. Identify the solicitation/contract requirements for an indefinite-delivery/indefinite-quantity contract.</p>	<p>The solicitation must include:</p> <ul style="list-style-type: none"> • The FAR 52.216-18, Ordering, clause. Insert the dates for authorized ordering. • A clause substantially the same as the FAR 52.216-19, Order Limitations, clause. Insert minimum and maximum order limitations and the number of days that the contractor has to reject an order that exceeds the maximum order limitation. • The FAR 52.216-22, Indefinite Quantity, clause. Insert the date by which all orders must be completed.

UNIT 11: RECURRING REQUIREMENTS

September 2004

Tasks	Related Standards
	<p>Document the decision whether or not to use multiple awards.</p> <ul style="list-style-type: none"> • Except for advisory and assistance services contracts, to the maximum extent practicable, give preference to making multiple awards for the same or similar supplies or services. • For advisory and assistance services estimated to exceed 3 years and \$10 million, including all options, multiple awards are required unless the Contracting Officer or other official designated by the head of the agency determines in writing that: <ul style="list-style-type: none"> - Multiple awards are not practicable because only one contractor can perform the: <ul style="list-style-type: none"> ◊ Unique or highly specialized scope of work, or ◊ Integrally related tasks; - After the evaluation of offers, that only one offeror is capable of providing the services required at the level of quality required; - Only one offer is received; or - The advisory and assistance services are incidental and not a significant component of the contract.
<p>7A. Determine whether to provide for recurring requirements using a multi-year contract.</p>	<p>The multi-year contracting method may be used for the acquisition of supplies or services.</p> <p>Except for DoD, NASA, and the Coast Guard, a multi-year contract may be used if the head of the contracting activity determines that:</p> <ul style="list-style-type: none"> • The need for the supplies or services is reasonably firm and continuing over the period of the contract; and • A multi-year contract will serve the best interests of the United States by encouraging full and open competition or promoting economy in administration,

UNIT 11: RECURRING REQUIREMENTS

September 2004

Tasks	Related Standards
	<p>performance, and operation of the agency's programs.</p> <p>For DoD, NASA, and the Coast Guard, the head of the agency may enter into a multi-year contract for supplies if:</p> <ul style="list-style-type: none"> • The use of such a contract will result in substantial savings over carrying out the program through annual contracts; • The minimum need to be purchased is expected to remain substantially unchanged during the contemplated contract period; • There is a stable design for the supplies to be acquired, and the technical risks associated with such supplies are not excessive; • There is a reasonable expectation that, throughout the contemplated contract period, the head of the agency will request funding for the contract at a level to avoid contract cancellation; and • The estimates of both the cost of the contract and the cost avoidance through the use of a multi-year contract are realistic. <p>If funds are not appropriated to support the succeeding years' requirements, the agency must cancel the contract.</p>
<p>7B. Identify the solicitation/contract requirements for a multi-year contract.</p>	<p>A solicitation for a multi-year contract must reflect all the factors to be considered for evaluation, specifically including the following:</p> <ul style="list-style-type: none"> • The FAR 52.217-2, Cancellation of Multi-year Contracts, clause. The clause may be modified if necessary. • The requirements, by item of supply or service, for the: <ul style="list-style-type: none"> - First program year; and - Multi-year contract including the requirements for each program year. • Limit the Government's payment

UNIT 11: RECURRING REQUIREMENTS

September 2004

Tasks	Related Standards
	<p>obligation to an amount available for contract performance.</p> <ul style="list-style-type: none"> • Cancellation ceiling amounts applicable to each period of performance.
<p>8A. Determine whether to provide for recurring requirements using a basic agreement.</p>	<p>Use a basic agreement (BA) when a substantial number of separate contracts may be awarded to a contractor over the given period and significant recurring negotiation problems are likely.</p>
<p>8B. Identify the document requirements for a basic agreement.</p>	<p>A BA is not a contract. It is a written instrument of understanding, negotiated between an agency or contracting activity and a contractor. Each agreement must:</p> <ul style="list-style-type: none"> • Contain contract clauses applying to future contracts between the parties during its term; • Contemplate separate future contracts that will incorporate by reference or attachment the required and applicable clauses agreed upon in the basic agreement; • Provide for discontinuing future applicability upon 30 days' written notice by either party; and • Be reviewed annually before the anniversary of its effective date and revised as necessary to conform to the requirements of this regulation. They may need to be revised before the annual review due to mandatory statutory requirements. <p>A BA must not:</p> <ul style="list-style-type: none"> • Cite appropriations or obligate funds; • State or imply any agreement by the Government to place future contracts or orders with the contractor; or • Be used in any manner to restrict competition.

UNIT 11: RECURRING REQUIREMENTS

September 2004

Tasks	Related Standards
9A. Determine whether to provide for recurring requirements using a basic ordering agreement.	Use a basic ordering agreement (BOA) to expedite contracting for uncertain requirements for supplies or services when: <ul style="list-style-type: none">• Specific items, quantities, and prices are not known at the time the agreement is executed;• A substantial number of requirements for the type of supplies or services covered by the agreement are expected to be acquired from the contractor; and• Use of the BOA can result in economies in ordering parts for equipment support by reducing administrative lead-time, inventory investment, and inventory obsolescence due to design changes.
9B. Define the document requirements for a basic ordering agreement.	A basic ordering agreement is not a contract. Each basic ordering agreement must: <ul style="list-style-type: none">• Describe the method for determining prices to be paid to the contractor;• Include delivery terms and conditions or specify how they will be determined;• List one or more Government activities authorized to issue orders under the agreement;• Specify the point at which each order becomes a binding contract;• Provide that failure to reach agreement on price for any order issued before its price is established is a dispute under the BOA Disputes clause; and• If fast payment procedures will apply to orders, include the special data required by FAR 13.403.