

409th CSB PARC TIPS

Training in a Practical Sense

PARC TIPS Number: PT-002

Date: 21 April 2010

SUBJECT: Determining and Documenting Number of Option Periods

REFERENCE: FAR 17.2

DISCUSSION/GUIDANCE:

Discussion/Guidance: The decision to include options in a contract and the appropriate number of option periods is based on a business analysis of each individual requirement. Each requirement should be analyzed to determine first, if options are in the best interest of the government, and second, what the appropriate number of options periods are for the requirement. Factors that need to be addressed in making this decision include:

1. **Requirement Stability.** In addressing the stability of the requirement, the contracting officer should analyze any plans that will affect the stability of the requirements. Issues that could affect the stability of the requirement may be possible or planned reorganizations, consolidations, expansions, draw downs, and the length of the requirement.
2. **Marketplace Factors.** The contracting officer should assess the marketplace and utilize the information from this assessment in their decision. The contracting officer should address the market stability, any technological changes in the requirement, the cost drivers in a requirement (e.g., automation driven cost drivers, labor driven cost drivers), the availability and viability of industry willing to participate, inflation and escalation, an offeror's recovery of investment, and the availability of the labor pool.
3. **Administrative Practicalities.** In the decision making process, the contracting officer cannot ignore the realities of administrative issues in the option decision process. The contracting officer should also address the continuity that can be inherent with the current service provider. The contracting officer should weigh factors such as length of the source selection, cost of re-competing, impact on the workload, phase-in/TESA requirements, Host Nation Impact, and SOFA Restrictions.
4. **Other/Unique.** Finally, the contracting officer should address any other or unique information that supports the decision for options periods and number of options.

Documentation. The FAR requires that the contracting officer justify in writing the quantities or term under option. The documentation for the inclusion of options and the number of options years should include the details and the results of the decision process as discussed above. The above listing is not all-inclusive as there may be more areas of concern in your particular acquisition.

PARC POC: Joy Lloyd, 484-6314 or 06314136314, joy.lloyd@eur.army.mil