

16.504 Indefinite-quantity contracts.

(a)(1)(S-90) Guaranteed minimum (GM) purchase requirements and obligations.

(A) Contracting officers shall establish a GM quantity or GM dollar value of supplies or services for the base period of performance of indefinite-quantity contracts (IQC) and record an obligation in the amount of the GM at time of award. Recording the obligation is an internal financial action and is separate from issuing a task or delivery order against an IQC. Contracting officers shall follow the Guaranteed Minimum (GM) Job Aids

<https://dlamil.dps.mil/sites/InfoOps/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x012000D3D259D71343A94E992AA17310CB0231&viewid=bb1b25a6%2D56d8%2D4398%2Dac48%2D5f987c946cca&id=%2Fsites%2FinfoOps%2Fshared%20Documents%2FEBS%20ONLINE%20HELP%2FePROCUREMENT%2Fguaranteed%20Minimum%20%28GM%29>. (From the EBS Home Page, see the EBS Online Help link, navigate to the eProcurement section, and select the Guaranteed Minimum (GM) folder.)

(1) For actions executed in ECC, see the job aid entitled “Creating and Maintaining a Guaranteed Minimum Purchase Order”.

(2) For actions executed in SRM, see the job aid entitled “Creating and Updating a Guaranteed Minimum (GM) on a Long Term Contract (LTC)”.

(B) Failures to establish a GM quantity or GM dollar value and/or record an obligation in the amount of the GM purchase requirement when awarding an IQC are reflected in warrant proficiency scores and require creation of a contracting officer corrective action plan in accordance with DLAM 5025.04, Contracting Officer (KO) Warrant Program

[https://issue-p.dla.mil/Published_Issuances/Contracting%20Officer%20\(KO\)%20Warrant%20Program%20with%20CAP%20changes.pdf](https://issue-p.dla.mil/Published_Issuances/Contracting%20Officer%20(KO)%20Warrant%20Program%20with%20CAP%20changes.pdf)). See Monthly Review and Reporting Requirements at mandatory PGI 16.504(a)(1)(S-90)(B).

(C) If during contract performance, the contracting officer does not expect demand during the remaining performance period to fulfill the GM, the contracting officer should consider whether a termination for convenience to reduce the GM is appropriate. Before executing any modification to effect a reduction in the GM, the contracting officer should consult with Office of Counsel to consider any legal impacts to the Agency stemming from the modification.

(a)(4)(viii) Use procurement note L26 in solicitations which will result in IDCs when it is anticipated that the contractor will offer a price break for high quantity delivery orders. Coordinate with the demand planner manager for establishment of the quantity most likely to be procured for each delivery order. The highest weight should then be assigned to this quantity. State the range of order quantities and the evaluation weight which will be placed on each quantity range in the buying section of Optional Form 336, Continuation Sheet. The contracting officer shall also provide the contractor with an estimate of the annual requirements.

L26 Evaluation of Quantity Sensitive and Indefinite Delivery Contracts (AUG 2017)

(1) To be eligible for award for an item, the contractor shall offer prices for each quantity increment stated in the solicitation.

(2) The Government will—

- (i) Evaluate prices on a weighted basis, as identified in the solicitation.
- (ii) Assign the highest weights to incremental quantities, as identified in the solicitation, within which it anticipates orders are most likely to be issued.
- (iii) Evaluate offers by multiplying the designated weight by the unit price for each order increment and adding the results.
- (iv) Make only one award for each line item.
- (v) Issue each delivery order at the price offered for that increment.

(c) Multiple award preference. The contracting officer shall include the determination not to make multiple awards in the acquisition plan or otherwise document the determination in writing in the contract file.

(1) Planning the acquisition.

(i) “Awarded to a single source” means the task or delivery orders will not be competed between contract holders. “Task or delivery order contract” does not include orders against task or delivery order contracts.

(ii) For task or delivery order contracts awarded to a single source that are greater than \$10 million and less than the threshold at FAR 16.504(c)(1)(ii)(D)(1), the HCA shall approve the D&F. The HCA approval authority may be delegated to the CCO and is not further delegable.

(iii) The determination at DLAD 16.504(c)(1)(ii)(D)(1)(i) is not required —

(A) If a justification has been executed in accordance with FAR 6.3 and DFARS 206.3;

(B) For AbilityOne contracts when a mandatory source in accordance with FAR 8.704; or

(C) For FPI contracts when a mandatory source in accordance with FAR 8.602(a)(3).

(2) For task or delivery order contracts awarded to a single source that are above the threshold at FAR 16.504(c)(1)(ii)(D)(1), excluding the exception at DFARS 216.504(c)(1)(ii)(D)(3), the procuring organization shall submit the supporting D&F to the DLA Acquisition Operations Division prior to issuance of the solicitation. If the contracting officer determines multiple awards are not possible after negotiation with multiple offerors, the contracting officer shall submit the D&F a minimum of 30 days prior to contract award. If the D&F specifies the solicitation number resulting in multiple awards, any resulting single award contract over the threshold at FAR 16.504(c)(1)(ii)(D)(1) will be covered (e.g., sequential awards, different lots). The D&F shall include sufficient detail to support the application of an exception at FAR 16.504(c)(1)(ii)(D)(1).

(3) Fixed-price contracts utilizing an economic price adjustment, or a price redetermination clauses qualify for the FAR 16.504(c)(1)(ii)(D)(1)(ii) exception if the individual delivery or task orders under the contracts are firm-fixed priced using prices established in the contracts.

Parent topic: SUBPART 16.5 - INDEFINITE DELIVERY CONTRACTS