Subpart 7.4 - Equipment Acquisition

Parent topic: Part 7 - Acquisition Planning

7.400 Scope of subpart.

This subpart—

(a)Implements section 555 of the FAA (Federal Aviation Administration) Reauthorization Act of 2018 (Pub. L. 115-254);

(b)Provides guidance when acquiring equipment and more than one method of *acquisition* is available for use; and

(c)Applies to both the initial *acquisition* of equipment and the renewal or extension of existing equipment leases or rental agreements.

7.401 Acquisition considerations.

(a)

(1)Agencies *shall* acquire equipment using the method of *acquisition* most advantageous to the Government based on a case-by-case analysis of comparative costs and other factors in accordance with this subpart and agency procedures.

(2)The methods of *acquisition* to be compared in the analysis *shall* include, at a minimum—

(i)Purchase;

(ii)Short-term rental or lease;

(iii)Long-term rental or lease;

(iv)*Interagency acquisition* (see 2.101); and

(v)Agency *acquisition* agreements, if applicable, with a State or local government.

(b)

(1)The factors to be compared in the analysis *shall* include, at a minimum:

(i)Estimated length of the period the equipment is to be used and the extent of use within that period;

(ii)Financial and operating advantages of alternative types and makes of equipment;

(iii)Cumulative rent, lease, or other periodic payments, however described, for the estimated period of use;

(iv)Net purchase price;

(v)Transportation, installation, and storage costs;

(vi)Maintenance, repair, and other service costs; and

(vii)Potential obsolescence of the equipment because of imminent technological improvements.

(2)The following additional factors *should* be considered, as appropriate, depending on the type, cost, complexity, and estimated period of use of the equipment:

(i)Availability of purchase *options*.

(ii)Cancellation, extension, and early return conditions and fees.

(iii)Ability to swap out or exchange equipment.

(iv)Available *warranties*.

(v)*Insurance*, environmental, or licensing requirements.

(vi)Potential for use of the equipment by other agencies after its use by the acquiring agency is ended.

(vii)Trade-in or salvage value.

(viii)Imputed interest.

(ix)Availability of a servicing capability, especially for highly complex equipment; *e.g.*, can the equipment be serviced by the Government or other sources if it is purchased?

(c)The analysis in paragraph (a) is not required—

(1)When the President has issued an *emergency* declaration or a *major disaster* declaration pursuant to the Robert T. Stafford Disaster Relief and *Emergency* Assistance Act (42 U.S.C. 5121 *et seq*.);

(2)In other *emergency* situations if the *agency head* makes a determination that obtaining such equipment is necessary in order to protect human life or property; or

(3)When otherwise authorized by law.

7.402 Acquisition methods.

(a) Purchase method.

(1) Generally, the purchase method is appropriate if the equipment will be used beyond the point in time when cumulative rental or leasing costs exceed the purchase costs.

(2) Agencies *should* not rule out the purchase method of equipment *acquisition* in favor of renting or leasing merely because of the possibility that future technological advances might make the selected equipment less desirable.

(b) *Rent or lease method.*

(1) The rent or lease method is appropriate if it is to the Government's advantage under the circumstances. The rent or lease method *may* also serve as a short-term measure when the circumstances—

(i) Require immediate use of equipment to meet program or system goals; but

(ii) Do not currently support *acquisition* by purchase.

(2) If a rent or lease method is justified, a rental or lease agreement with *option* to purchase is preferable.

(3) Generally, a long term rental or lease agreement *should* be avoided, but *may* be appropriate if an *option* to purchase or other favorable terms are included.

(4) If a rental or lease agreement with *option* to purchase is used, the contract *shall* state the purchase price or provide a formula which shows how the purchase price will be established at the time of purchase.

7.403 General Services Administration assistance and OMB guidance.

(a) When requested by an agency, the General Services Administration (GSA) will assist in rent, lease, or purchase decisions by providing information such as-

(1) Pending price adjustments to Federal Supply Schedule contracts;

(2) Recent or imminent technological developments;

(3) New techniques; and

(4) Industry or market trends.

(b) For additional GSA assistance and guidance, agencies *may*—

(1)Request information from the GSA FAS National Customer Service Center by phone at 1-800-488-3111 or by email at ncsccustomer.service@gsa.gov; and

(2)See GSA website, Schedule 51 V Hardware Superstore-Equipment Rental, (https://www.gsa.gov/buying-selling/products-services/industrial-products-services/rental-of-industrial-equipment).

(c) For additional OMB guidance, see—

(1)Section 13, Special Guidance for Lease-Purchase Analysis, and paragraph 8.c.(2), Lease-Purchase Analysis, of OMB Circular A-94, Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs, (https://www.whitehouse.gov/wp-content/uploads/legacy_drupal_files/omb/circulars/A94/a094.pdf); and

(2)Appendix B, Budgetary Treatment of Lease-Purchases and Leases of Capital Assets, of OMB Circular A-11, Preparation, Submission, and Execution of the Budget, (https://www.whitehouse.gov/wp-content/uploads/2018/06/app_b.pdf).

7.404 Contract clause.

The *contracting officer shall* insert a clause substantially the same as the clause in 52.207-5, *Option* to Purchase Equipment, in *solicitations* and contracts involving a rental or lease agreement with *option* to purchase.