

16.504 Indefinite-quantity contracts.

(a) *Description.* An indefinite-quantity contract provides for an indefinite quantity, within stated limits, of *supplies* or services during a fixed period. The Government places orders for individual requirements. Quantity limits *may* be stated as number of units or as dollar values.

(1) The contract *must* require the Government to order and the contractor to furnish at least a stated minimum quantity of *supplies* or services. In addition, if ordered, the contractor *must* furnish any additional quantities, not to exceed the stated maximum. The *contracting officer should* establish a reasonable maximum quantity based on *market research*, trends on recent contracts for similar *supplies* or services, survey of potential users, or any other rational basis.

(2) To ensure that the contract is binding, the minimum quantity *must* be more than a nominal quantity, but it *should* not exceed the amount that the Government is fairly certain to order.

(3) The contract *may* also specify maximum or minimum quantities that the Government *may* order under each task or *delivery order* and the maximum that it *may* order during a specific period of time.

(4) A *solicitation* and contract for an indefinite quantity *must*-

(i) Specify the period of the contract, including the number of *options* and the period for which the Government *may* extend the contract under each *option*;

(ii) Specify the total minimum and maximum quantity of *supplies* or services the Government will acquire under the contract;

(iii) Include a statement of work, specifications, or other description, that reasonably describes the general scope, nature, complexity, and purpose of the *supplies* or services the Government will acquire under the contract in a manner that will enable a prospective *offeror* to decide whether to submit an *offer*;

(iv) State the procedures that the Government will use in issuing orders, including the ordering media, and, if multiple awards *may* be made, state the procedures and selection criteria that the Government will use to provide awardees a fair opportunity to be considered for each order (see [16.505\(b\)\(1\)](#));

(v) Include a description of the activities authorized to issue orders; and

(vi) Include authorization for placing oral orders, if appropriate, provided that the Government has established procedures for obligating funds and that oral orders are confirmed *in writing*.

(b) *Application.* *Contracting officers may* use an indefinite-quantity contract when the Government 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. The *contracting officer should* use an indefinite-quantity contract only when a recurring need is anticipated.

(c) Multiple award preference-

(1) Planning the *acquisition*.

(i) Except for indefinite-quantity contracts for *advisory and assistance services* as provided in paragraph (c)(2) of this section, the *contracting officer must*, to the maximum extent practicable, give preference to making multiple awards of indefinite-quantity contracts under a single *solicitation* for the same or similar *supplies* or services to two or more sources.

(ii)

(A) The *contracting officer must* determine whether multiple awards are appropriate as part of *acquisition planning*. The *contracting officer must* avoid situations in which awardees specialize exclusively in one or a few areas within the statement of work, thus creating the likelihood that orders in those areas will be awarded on a sole-source basis; however, each awardee need not be capable of performing every requirement as well as any other awardee under the contracts. The *contracting officer should* consider the following when determining the number of contracts to be awarded:

(1) The scope and complexity of the contract requirement.

(2) The expected duration and frequency of task or *delivery orders*.

(3) The mix of resources a contractor *must* have to perform expected task or *delivery order* requirements.

(4) The ability to maintain competition among the awardees throughout the contracts' period of performance.

(B) The *contracting officer must* not use the multiple award approach if-

(1) Only one contractor is capable of providing performance at the level of quality required because the *supplies* or services are unique or highly specialized;

(2) Based on the *contracting officer's* knowledge of the market, more favorable terms and conditions, including *pricing*, will be provided if a single award is made;

(3) The expected cost of administration of multiple contracts outweighs the expected benefits of making multiple awards;

(4) The projected *task orders* are so integrally related that only a single contractor can reasonably perform the work;

(5) The total estimated value of the contract is at or below the *simplified acquisition threshold*; or

(6) Multiple awards would not be in the best interests of the Government.

(C) The *contracting officer must* document the decision whether or not to use multiple awards in the *acquisition plan* or contract file. The *contracting officer may* determine that a class of *acquisitions* is not appropriate for multiple awards (see subpart 1.7).

(D)

(1) No task or *delivery order* contract in an amount estimated to exceed \$100 million (including all

options) may be awarded to a single source unless the *head of the agency* determines *in writing* that-

(i) The task or *delivery orders* expected under the contract are so integrally related that only a single source can reasonably perform the work;

(ii) The contract provides only for firm-fixed price (see 16.202) task or *delivery orders* for-

(A) *Products* for which unit prices are established in the contract; or

(B) *Services* for which prices are established in the contract for the specific tasks to be performed;

(iii) Only one source is qualified and capable of performing the work at a reasonable price to the Government; or

(iv) It is necessary in the public interest to award the contract to a single source due to exceptional circumstances.

(2) The *head of the agency* must notify Congress within 30 days after any determination under paragraph (c)(1)(ii)(D)(1)(iv) of this section.

(3) The requirement for a determination for a single-award contract greater than \$100 million-

(i) Is in addition to any applicable requirements of subpart 6.3; and

(ii) Is not applicable for *architect-engineer services* awarded pursuant to subpart 36.6.

(2) Contracts for *advisory and assistance services*.

(i) Except as provided in paragraph (c)(2)(ii) of this section, if an indefinite-quantity contract for *advisory and assistance services* exceeds 3 years and \$15 million, including all *options*, the *contracting officer* must make multiple awards unless-

(A) The *contracting officer* or other official designated by the *head of the agency* determines *in writing*, as part of *acquisition planning*, that multiple awards are not practicable. The *contracting officer* or other official *must* determine that only one contractor can reasonably perform the work because either the scope of work is unique or highly specialized or the tasks so integrally related;

(B) The *contracting officer* or other official designated by the *head of the agency* determines *in writing*, after the evaluation of *offers*, that only one *offeror* is capable of providing the services required at the level of quality required; or

(C) Only one *offer* is received.

(ii) The requirements of paragraph (c)(2)(i) of this section do not apply if the *contracting officer* or other official designated by the *head of the agency* determines that the *advisory and assistance services* are incidental and not a significant *component* of the contract.

Parent topic: Subpart 16.5 - Indefinite-Delivery Contracts