# 17.106-3 Special procedures applicable to DoD, NASA, and the Coast Guard.

(a) *Participation by subcontractors, suppliers, and vendors.* In order to broaden the defense industrial base, to the maximum extent practicable-

(1) Multi-year *contracting shall* be used in such a manner as to seek, retain, and promote the use under such contracts of companies that are subcontractors, suppliers, and vendors; and

(2) Upon accrual of any payment or other benefit under such a multi-year contract to any subcontractor, supplier, or vendor company participating in such contract, such payment or benefit *shall* be delivered to such company in the most expeditious manner practicable.

(b) *Protection of existing authority*. To the extent practicable, multi-year *contracting shall* not be carried out in a manner to preclude or curtail the existing ability of the Department or agency to provide for termination of a prime contract, the performance of which is deficient with respect to cost, quality, or schedule.

(c) *Cancellation or termination for insufficient funding*. In the event funds are not made available for the continuation of a multi-year contract awarded using the procedures in this section, the contract *shall* be canceled or terminated.

(d) Contracts awarded under the multi-year procedure *shall* be firm-fixed-price, fixed-price with economic price adjustment, or fixed-price incentive.

(e) *Recurring costs in cancellation ceiling*. The inclusion of recurring costs in cancellation ceilings is an exception to normal contract financing arrangements and requires approval by the *agency head*.

(f) *Annual and multi-year proposals.* Obtaining both annual and multi-year *offers* provides reduced lead time for making an annual award in the event that the multi-year award is not in the Government's interest. Obtaining both also provides a basis for the computation of savings and other benefits. However, the preparation and evaluation of dual *offers may* increase administrative costs and workload for both *offerors* and the Government, especially for large or complex *acquisitions*. The head of a *contracting activity may* authorize the use of a *solicitation* requesting only multi-year prices, provided it is found that such a *solicitation* is in the Government's interest, and that dual proposals are not necessary to meet the objectives in 17.105-2.

(g) *Level unit prices*. Multi-year contract procedures provide for the amortization of certain costs over the entire contract quantity resulting in identical (level) unit prices (except when the economic price adjustment terms apply) for all items or services under the multi-year contract. If level unit *pricing* is not in the Government's interest, the head of a *contracting activity may* approve the use of variable unit prices, provided that for competitive proposals there is a valid method of evaluation.

**Parent topic:** 17.106 Procedures.