48.104-4 Sharing alternative-no-cost settlement method.

In selecting an appropriate mechanism for incorporating a VECP into a contract, the *contracting officer shall* analyze the different approaches available to determine which one would be in the Government's best interest. *Contracting officers should* balance the administrative costs of negotiating a settlement against the anticipated savings. A no-cost settlement *may* be used if, in the *contracting officer*'s judgment, reliance on other VECP approaches likely would not be more cost-effective, and the no-cost settlement would provide adequate consideration to the Government. Under this method of settlement, the contractor would keep all of the savings on the *instant contract*, and all savings on its concurrent contracts only. The Government would keep all savings resulting from concurrent contracts placed with other sources, savings from all future contracts, and all *collateral savings*. Use of this method *must* be by mutual agreement of both parties for individual VECPs.

Parent topic: 48.104 Sharing arrangements.