PART 43 – CONTRACT MODIFICATIONS

SUBPART 43.1 – GENERAL

43.102 Policy.

43.103 Types of contract modifications.

SUBPART 43.1 – GENERAL

(Revised August 10, 2018 through PROCLTR 2018-16)

43.102 Policy.

(b)(S-90) *Administrative cost.* The administrative cost for contract modifications issued by DLA Aviation, DLA Contracting Services Office, DLA Disposition Services, DLA Distribution, DLA Energy, DLA Land and Maritime, DLA Strategic Materials, and DLA Troop Support Industrial Hardware is $250. The administrative cost for contract modifications issued by DLA Troop Support Construction and Equipment, Clothing and Textile, Subsistence, and Medical is $750. These fees are in addition to consideration cost (see 43.102(b)(S-91)); and costs for Government reinspection or retest, if necessary.

(S-91) *Consideration cost.* The contracting officer determines the most appropriate calculation method. The formula below is provided as a potential method for calculating consideration for issuing the modification.

Formula: (((((E-1)/(E+1))+1)/100)*M*V) + D

Key: E = # of Extensions: The number of extension request instances that contractor asks for at the time of the modification (i.e., 1 for 1st request, 2 for 2nd request, and 10 for 10th request).

M = Lateness (expressed in months): The number of months the contractor has requested an extension. For example, if the contractor requests an extension of 30 days for the “current” delivery time, M would be 1. For 120 days, M would be 4. If this is the contractor’s second request, and they want another 120 days, M would still be 4.

V = Value of Extended Portion of Contract: The value of the material that is going to be delayed. If the total contract dollar value is for $50K and the whole contract is going to be late, V would be $50K. If the contractor is going to deliver half of the contract on time but needs more time on the other half, then V would be $25K.

D = Direct Cost: Fixed costs associated with writing the modification, re-inspecting material, and any other cost the Government incurs for making the change ($250 as the base).

Examples:

1. Contract is for $1.5M contractor needs a 30 day

extension:(((((1-1)/(1+1))+1)/100)*1*1,500,000)+250 = $15,250

2. Same contract, but now they need an additional 90 days:(((((2-1)/(2+1))+1)/100)*3*1,500,000)+250 = $60,250.00

3. Same contract, they have delivered half of their order, but they need 120 days to finish: (((((3-1)/(3+1))+1)/100)*4*750,000)+250 = $45,250

43.103 Types of contract modifications.

(b) Unilateral.

(S-90) In cases when the contractor is unable to sign a bilateral modification deobligating an unliquidated obligation (ULO), the contracting officer may issue a unilateral deobligation modification with concurrence of Office of Counsel.