

## Panama Canal Commission

3517.204

(j) Statement of the percentage of the estimated cost of the proposed acquisition that the obligation of funds represents. In those rare instances in which the obligation represents 50 percent or more of the proposed estimated cost of the acquisition, a justification for that obligation must be included describing the basis and necessity for the obligation (e.g., the contractor requires a large initial outlay of funds for major subcontract awards or an extensive purchase of materials to meet an urgent delivery requirement). In every case, documentation must ensure that the amount to be obligated is not in excess of an amount reasonably required to perform the work.

(k) Period of effectiveness of the proposed letter contract.

(l) Statement of any substantive matters that need to be resolved.

### **3516.603-71 Approval for modifications to letter contracts.**

All letter contract modifications must be approved by the cognizant HCA responsible for the acquisition. Requests for authority to issue letter contract modifications shall be processed in the same manner as requests for authority to issue letter contracts and shall include the following:

(a) Name and address of the contractor.

(b) Description of work and services.

(c) Date original request was approved and approving official.

(d) Letter contract number and date issued.

(e) Complete justification as to why the letter contract cannot be defined at this time.

(f) Complete justification as to why the level of funding must be increased.

(g) Complete justification as to why the period of effectiveness is increased, if applicable.

(h) If the funding of letter contracts is to be increased to more than 50 percent of the estimated cost of the acquisition, the information required by 3516.603-70(j) must be included.

## **PART 3517—SPECIAL CONTRACTING METHODS**

### **Subpart 3517.2—Options**

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SOURCE: 55 FR 7651, Mar. 2, 1990, unless otherwise noted.

### **Subpart 3517.2—Options**

#### **3517.200 Scope of subpart.**

This subpart does not apply to contracts for services involving:

(a) Construction, alteration, or repair of real property;

(b) Architect-engineer services;

(c) Automatic data processing equipment systems; and

(d) Telecommunication equipment and services.

However, it does not preclude the use of options in those contracts.

#### **3517.203 Solicitations.**

(g)(2) The use of options for increased quantities of supplies or services which exceed 50 percent of the base quantity specified in the contract for a particular period shall be approved by the cognizant HCA prior to issuing the solicitation. In the case of supplies, the 50 percent limitation applies only to contracts which have a base quantity of more than one.

#### **3517.204 Contracts.**

(e) The use of option periods which, when combined with the base contract period, results in a total contract period of performance exceeding twelve

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months shall be approved by the cognizant HCA prior to issuing the solicitation. In no event, however, shall the total of the base and option periods exceed sixty (60) months in duration.

**3517.207 Exercise of options.**

(h) The contracting officer, if the contract so provides, may, subject to the conditions in FAR 17.204(d) and FAR 32.703-2, exercise an option contingent upon the availability of funds. Under no circumstances shall any action be taken which could be construed as creating a legal liability on the part of the Commission until a formal notice of availability of funds in the form of a contract modification has been issued by the contracting officer.

**Subpart 3517.5—Interagency Acquisitions Under the Economy Act**

**3517.500 Scope of subpart.**

This subpart prescribes policies and procedures applicable to the use of Interservice Support Agreements and Memorandums of Understanding.

**3517.501 Definitions.**

*Interservice Support Agreement (ISA)* means an agreement entered into be-

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tween the Panama Canal Commission and any other department or agency of the United States for the use of facilities, furnishing of supplies or services, or performance of functions. ISA's may be based upon Memorandums of Understanding.

*Memorandum of Understanding (MOU)* means the basic document which outlines host-tenant relationships. MOU's serve as the standard for relationships between host units and supporting or supported activities.

**3517.502 General.**

The General Services Director is the Commission official authorized to enter into ISA's. The Director, by written appointment, may delegate this authority to one or more contracting officers in the General Services Bureau. The determination and findings required by FAR 17.503 shall be made by the General Services Director or the appointee(s), as applicable.

**3517.504 Ordering procedures.**

(a) The procedures in FAR 17.504 shall apply to Commission ISA's.

(b) When the other agency to an ISA is a DOD activity, the DOD forms and format normally shall be followed.