



IN REPLY
REFER TO

DEFENSE LOGISTICS AGENCY
DEFENSE ENERGY SUPPORT CENTER
8725 JOHN J. KINGMAN ROAD, SUITE 4950
FORT BELVOIR, VA 22060-6222

DESC-CPA (D. Baker)
CONTRACTING INSTRUCTION (CI): 99-4

APR 23 1999

MEMORANDUM FOR CI DISTRIBUTION

SUBJECT: Determination and Findings (D&F), Authority to Enter into Multiyear
Petroleum-related Services

The attached recently signed Determination and Findings is for use in multiyear contracts for petroleum-related services.

This Contracting Instruction is effective immediately and expires upon dissemination.

SHARON L. MURPHY
Center Senior Procurement Official

Attachment



DEFENSE LOGISTICS SUPPORT CENTER DETERMINATION AND
FINDINGS
AUTHORITY TO ENTER INTO MULTIYEAR CONTRACTS

The Defense Energy Support Center (DESC) proposes to enter into multiyear contracts for petroleum-related services. Pursuant to DFARS 217.171 (c), I hereby make the following Findings and Determination as Head of the Agency.

FINDINGS

1. DESC proposes to enter into multiyear contracts for petroleum-related services (including storage, fuel, distribution, alongside aircraft refueling, laboratory testing, and environmental.) All procurements will be negotiated and the requirements under these programs are in support of the U.S. military departments worldwide. This D&F is to be used when the criteria of these findings are met in soliciting requirements for services.

2. Multiyear contracts for services are fixed price with adjustments for wages in accordance with the Service Contract Act.

3. Multiyear contracting for services provides the Government the following advantages: lower costs, reduction of administrative burden in the placement and administration of contracts, and a broadening of the competitive base as there are some firms that are unwilling to compete for services of a shorter duration. Specifically, the multiyear contracting criteria delineated in DFARS 217.171 (c) will be met as detailed below:

a. There is a continuing requirement for the services and incidental supplies.

b. Multiyear contracting is in the best interests of the Government in that it encourages competition and promotes economy of operation.

4. In accordance with the determination required by DFARS 217.170(a), multiyear procurement represents the lowest cost to the Government through the use of present value analysis. Under present value analysis, Future prices are discounted to permit meaningful comparisons with current prices. The concerns addressed by present value analysis are satisfied here because:

a. Avoiding yearly procurements will result in significant administrative savings through avoidance of printing costs and man-hours.

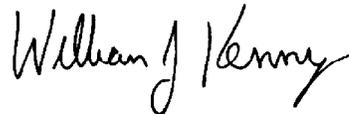
b. Contracts for services are subject to adjustment for wages in accordance with the Service Contract Act.

c. Historically, multiyear prices are the same or less than single year prices.

5. DESC expects to meet these criteria on a continuing basis for the foreseeable future.

DETERMINATION

Based on the foregoing Findings, I hereby authorize the use of multiyear contracts for the procurement of petroleum-related services. This Determination applies to contracts awarded under solicitations issued from October 1, 1998 through September 30, 1999.



WILLIAM J. KENNY
Executive Director
Procurement Management

25 MAR 1999