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J-33
IN REPLY REFER TO PROCLTR 04-05

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MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Defense Logistics Agency Guidance for the Inclusion of Price Pending Items in Long-Term Contracts (LTCs), Defense Logistics Acquisition Directive (DLAD) 4105.1, Subpart 90.-18 "Price Pending" Items

The purpose of this PROCLTR is to provide guidance for the inclusion of Price Pending Items in LTCs. "Price Pending" Items represent supplies or services that are included in LTCs when pricing and the price reasonableness determination have been deferred pending the identification of an actual demand. To include Price Pending Items, the contract must contain a pricing methodology or mechanism that has been agreed upon by the Government and vendor.

This PROCLTR is effective immediately and expires upon incorporation of the coverage into the DLAD. The point of contact is Mr. Ralph Eagleton, J-3313, at (703) 767-1466 or e-mail ralph.eagleton@dla.mil.

CLAUDIA S. KNOTT
Senior Procurement Executive

Attachment



PART 90.18-- "Price Pending" Items

(a) This part describes the policy and procedures for adding "Price Pending" items to Long-Term Contracts (LTCs).

(b) Definition:

As used in this part-

"Price Pending" items represent supplies or services that are included in LTCs when pricing and the price reasonableness determination has been deferred pending the identification of an actual demand and the implementation of a pre-established pricing methodology or mechanism that has been agreed upon by the Government and vendor providing the supplies or service.

(c) Under limited circumstances "Price Pending" items may be included in LTCs. This may be appropriate for Strategic Material Sourcing (SMS) items and/or items that do not have a reliable price history and the future demands are not definite.

(d) The Chief of the Contracting Office must approve, in writing, the inclusion of "Price Pending" items prior to the issuance of the solicitation. The inclusion of "Price Pending" items may be considered only if all the following circumstances are present:

- Candidate items are SMS readiness items (Weapon System Indicator Codes (WSIC) F, L, T, G, M, W, H, P and X) and items have very low or no anticipated projected demands for the next three years (from the date of the award) making it impractical to obtain pricing or pricing information;
- A determination of whether the item is commercial or non-commercial should be documented;
- A determination has been made that the items are only available on a sole source basis from the contractor;
- The item must be included in a group of items considered for a LTCs;
- A not-to-exceed delivery schedule must be established for the items;
- The contractor must agree to supply the items once a demand is identified; and,
- A pre-established agreed upon pricing methodology consistent with the applicable policies and guidelines of the FAR and DLAD must be incorporated into an Strategic Supplier Alliance or contract. This should be accomplished during negotiations of the SSA agreement or the contract. The Chief of the Contracting Office should consider amending established SSA agreements to include the agreed upon pricing methodology. [Price must be determined reasonable before the item(s) is purchased.]

(e) The contract must include appropriate language providing for the addition of NSNs as the price is definitized, within the scope of the contract.

(f) Additionally, contracting officers should consider if surplus is available to meet the requirement before considering price pending items.