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## CHAPTER 19. Special Contracting Methods

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## **19.1 Policy**

Special contracting methods such as options, multi-year and multiple-year contracts, and letter contracts may be used when necessary and appropriate.

## **19.2 Options**

Options are a unilateral right in a contract through which, for a specified time, the Authority may elect to procure additional goods, services, or construction called for in the contract or to extend the term of the contract. Options may be awarded for individual elements of work that are separately priced, based on availability of funds, or annual requirements for recurring needs.

Options may be exercised at the time of, or after contract award. The method for evaluating and exercising the option is specified in the solicitation. Options are exercised in writing.

Options for additional years beyond the initial year (multiple-year contracts) should not be specified if the requirement is reasonably certain; instead, a multi-year contract shall be used.

## **19.3 Multi-year Contracts**

Multiyear contracting is a special contracting method to procure known requirements for goods or services in quantities at various periods during the period of performance for up to 5 years. Contracts under this method are awarded for the full performance, subject to the appropriation of funds.

Multi-year contracts may be used when the need for the goods or services is reasonably firm and continuing over the period of the contract and it will serve the Authority's best interest by encouraging full and open competition or promoting economy in administration, performance, and operation of Authority programs.

All program years except the first are subject to cancellation. Funding for subsequent program years need not be available at the time of contract award. Funds initially obligated for multiyear contracts must be sufficient to cover the first program year and any potential cancellation and/or termination costs.

## **19.4 Multiple-year Contracts**

Multiple-year contracting is a special contracting method, similar to multi-year contracting, except that they require the establishment and exercise of options for each program year after the first. For the exercise of option, funding must be in-place and a determination of the need for the continuation of the contract.

## **19.5 Letter Contracts**

Letter contracts may be used in situations where offers have been evaluated and a selection decision has been made, but there is a need to proceed with the work or portions of the work pending the preparation and execution of the contract documents.

Letter contracts must stay within the authorized levels of authority. When the definitive contract is executed, it will be modified to include as the first modification the work that was authorized as a "letter contract".

Letter contracts may be used only after it is determined in writing by the Contracting Officer that its use is necessary to protect the Authority's interests