

2.205 Multi-Term Contracts

I. Overview

The term of a contract is generally for one year or less. If a contract for more than one year is needed, a multi-term contract may be executed if it will benefit the Project through cost savings or more favorable terms. Due to the fact that funding on grants and awards are usually provided on a yearly basis, however, all multi-term contracts must include language indicating that the contract is contingent on the receipt of yearly funding. A Purchase Order Change Form must also be executed each year of the multi-term contract. An extension of a multi-term contract past the initial contract period is also permitted if the benefits for doing so are justified and documented. The [Attachment 1 Determination of Cost or Price Reasonableness](#) form is required for all extensions that increase or add to the cost or price (i.e., the form is not required for no-cost extensions). Projects are strongly encouraged to process a new solicitation every 3–5 years or sooner, if the facts and circumstances justifying a multi-term contract change.

II. Responsibilities

A. Principal Investigator

Provide a justification for the multi-term contract. Include contract terms, provisions, and requirements of multi-term contracts in the solicitation.

B. Fiscal Administrator

Assist the Principal Investigator with the justification and solicitation as needed. Maintain the Procurement File. Review multi-term contracts to ensure that required terms and conditions are included in such contracts.

III. Details of Policy

A. Justifications for a Multi-Term Contract

1. Uninterrupted service beyond one year is needed to accomplish the objectives of the program or sponsored award.
2. The multi-term contract will result in more favorable terms and prices compared to a series of shorter-term contracts.
3. The cost and burden of an annual solicitation is demonstrated to be higher than the expected savings from re-competing the solicitation each year.

B. Required Documentation for the Procurement File

1. Justification for a multi-term contract; and
2. An explanation of why the length of the multi-term contract is reasonable.

C. Disclosure of Contract Terms at Solicitation

1. The term of the contract and conditions (e.g., the contractual obligations of each party is contingent on the availability of yearly funding and vendor performance) must be disclosed.
2. The amount of goods or the scope of services required during the contract period must be included.
3. Vendors must submit a unit price for each good or service including any annual price adjustments, and all prices shall remain the same throughout the contract period as specified in the original bid (except to the extent that a price adjustment is allowed by the terms of the contract).

IV. Relevant Documents

[Attachment 1 Determination of Cost or Price Reasonableness](#)

[Policy 2.204 Services Agreements](#)

Date Revised: 2/02/2017