

<b>BID OPTIONS</b>	<b>POLICY</b>	
	<b>Document Number:</b>	FRS-PL-017
	<b>Version Number:</b>	01

**1.0 Purpose:**

To establish the policy for the use of Bid Options in VTA procurements.

**2.0 Scope:**

This policy applies to all VTA Departments and all vendors participating in the established VTA procurement process.

**3.0 Responsibilities:**

It is the responsibility of the Purchasing and Materials Manager to draft and obtain approval of this Policy and to assure organizational compliance with the Policy.

**4.0 Policy:**

In order to assure future availability of needed property or services, contracts may include options.

4.1 An option is a unilateral right by which, for a specified time and for a specified dollar amount, VTA may acquire additional product or services than originally procured.

4.2 The price of the option(s) must be included in the bid price to determine the lowest bidder. If the option price is not included in the calculation of the lowest bidder and the option is to be executed at a later date, it must be considered a “sole source procurement” and justified as such.

4.3 At the time the option is to be executed, the price of the option must be evaluated to assure the following;

- Terms and conditions of the option are in accordance with the terms and conditions of the option stated in the initial contract award.
- The option price is better than the price available in the market or that the option is the more advantageous offer at the time the option is exercised.

4.4 The Buyer/Contract Administrator will work with the Requestor to determine:

- If proposed options are justified by need;
- If the option period is appropriate;
- If the option or option period presents any unnecessary risk;
- The language of the option clause in the IFB or RFP.

4.5 Solicitations shall include appropriate option provisions and clauses when resulting contracts will provide for the exercise of options.

4.6 The contract shall specify limits on the purchase of additional supplies or services, or the overall duration of the term of the contract, including any extension.

4.7 The contract shall state the period within which the option may be exercised.

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- 4.8 The period shall be set so as to provide the contractor adequate lead time to ensure continuous production.
- 4.9 The period may extend beyond the contract completion date for service contracts. This is necessary for situations when exercise of the option would result in the obligation of funds that are not available in the fiscal year in which the contract would otherwise be completed.
- 4.10 Unless otherwise approved in accordance with agency procedures, the total of the basic and option periods shall not exceed 5 years in the case of services, and the total of the basic and option quantities shall not exceed the requirement for 5 years in the case of supplies. These limitations do not apply to information technology contracts.



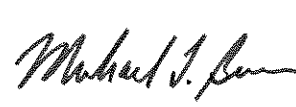
**5.0 Definitions:**

N/A.

**6.0 Summary of Changes:**

New Policy that outlines existing practice as a result of a periodic review of Policies.

**7.0 Approval Information:**

<i>Prepared by</i>	<i>Reviewed by</i>	<i>Approved by</i>
 Thomas B. Smith Purchasing and Materials Manager	 Joseph T. Smith Chief Financial Officer	 9/28/11 Michael T. Burns General Manager

Date Signed