**Procurement – Necessity Determination Worksheet**

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| **Grantee:** | Click or tap here to enter text. |
| **Completed by:** | Click or tap here to enter text. |
| **Item to Procure:** | Click or tap here to enter text. |
| **Date Completed:** | Click or tap to enter a date. |

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| **2 CFR Part §200.318(d)** The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items.  **4220.1F Chapter IV. Section 1.b. Necessity**  The Common Grant Rules require the recipient to establish procedures to avoid the purchase of unnecessary property and services (including duplicative items and quantities or options it does not intend to use or whose use is unlikely). In monitoring whether a recipient has complied with its procedures to determine what property or services are unnecessary, FTA bases its determinations on what would have been a recipient’s reasonable expectations at the time the recipient entered into the contract.  (4220.1F Chapter III. Section 3.a.(2)) | | | |
| **Needs for this Procurement (Item/Service)** | | | |
| **Procurement** | **Quantity** | **Contract Start Date** | **Contract End Date** |
| Item/Service | # | Click or tap to enter a date. | Click or tap to enter a date. |

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| **Options Consideration** | | | | | |
| The recipient’s contracts may include options to ensure the future availability of property or services, so long as the recipient is able to justify those options as needed for its public transportation or project purposes. **An option is a unilateral right in a contract by which, for a specified time, a recipient may acquire additional equipment, supplies, or services than originally procured**. An option may also extend the term of the contract.  (4220.1F Chapter IV Section 1.d.) | | | | | |
|  | | | | **True** | **False** |
| This acquisition will include options allowing the recipient to acquire additional equipment, supplies, or services than originally procured? | | | |  |  |
| **If true**, enter the quantities and or performance service periods to be requested for option quantities or extended service periods in the item or service contract. | | | | | |
| **Options** | **Quantity** | **Option # Start Date** | **Option # End Date** | | |
| **Option 1** | # | Click or tap to enter a date. | Click or tap to enter a date. | | |
| **Option 2** | # | Click or tap to enter a date. | Click or tap to enter a date. | | |
| **Option 3** | # | Click or tap to enter a date. | Click or tap to enter a date. | | |

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| **Current Need Rationale**  Documentation of the needs of new items/services or other items/services that are not easily documented through previous usage. Discuss how acquiring items/services will achieve performance needs, such as timeliness, avoidance of delays, greater efficiencies, cost savings, etc. Quantify timeliness, avoidance of delays, greater efficiencies, cost savings, etc. for demonstration of future economic value and effectiveness. |
| Click or tap here to enter text. |

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| **Consolidate or Break out Quantities Consideration** (2 CFR Part §200.318(d))  Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. |
| **Joint Procurement Considerations.** It may be economically advantageous for a recipient to enter into a joint procurement with others that have similar needs. The recipient responsible for undertaking the joint procurement may, upon contract award, assign to the other participants responsibilities for administering those parts of the contract affecting their property or services. (4220.1F Chapter IV Section 1.c.(1))  **Provide an explanation of joint procurement considerations.** |
| Click or tap here to enter text. |
| **Small Procurement Considerations.** In other circumstances, breaking out procurements may provide greater opportunities for Disadvantaged Business Enterprises (DBEs), small and minority firms, and women’s business enterprises to participate. (4220.1F Chapter IV Section 1.c.(2))  **Provide an explanation of small, break out procurement considerations for DBE participation.**  *Smaller quantities may not be considered to avoid procurement rules of larger thresholds***.** |
| Click or tap here to enter text. |

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| **Performance Period Rationale** (4220.1F Chapter IV Section 2.b.(3))  FTA expects the recipient to use sound business judgment and be judicious in establishing and extending a contract’s period of performance. |
| **General Standards.** The period of performance generally should not exceed the time necessary to accomplish the purpose of the contract. The recipient should also consider competition, pricing, fairness, and public perception. The recipient’s procurement files should document its rationale for determining the performance period designated for each contract.  **Federal Restrictions.** Procurements of rolling stock and replacement part contracts are limited by law to five (5) or seven (7) years. Other contracts (such as property, services, leases, construction, revenue, and so forth) are not restricted by a maximum period of performance but the duration of the other contracts must be based on sound business judgement. |
| **Provide an explanation for the desired contract performance period and how it does not exceed the time necessary to accomplish the purpose of the procurement.** |
| Click or tap here to enter text. |

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| **Payment Provisions**  (4220.1F. Chapter VI. Section 2.b.(5)(b)) | |
| The recipient may use its own funds to finance its contracts. However, if the recipient intends to use FTA assistance, expects to be reimbursed with FTA assistance, or dedicates its local share funds to support contract costs it has financed, then it must structure its payment provisions carefully.  (4220.1F Chapter IV Section 2.b.(5)) | |
| **Payment Provisions**  Are the planned timing of payment provisions for the solicitation and contract after the time in which the federal funds to be used for reimbursement have already been awarded or planned to be awarded?  (4220.1F. Chapter VI. Section 2.b.(5)) | |
|  | Paid upon invoice after delivery of item or service |
|  | No payments before award of funding |
|  | No payments in advance of work completed or delivery of assets |
|  | No progress payments for work not completed |
|  | Exception for Customary Advance Payments  FTA recognizes that advance payments are typically required for, but are not limited to, public utility connections and services, rent, tuition, insurance premiums, subscriptions to publications, software licenses, construction mobilization costs, transportation, hotel reservations, and conference and convention registrations. Accordingly, the recipient may use FTA assistance to support or reimburse the costs of such acquisitions.  FTA concurrence is required only when such advance payment or payments customarily required in the marketplace exceed $100,000.  (4220.1F Chapter IV Section 2.b.(5)(b)2b)  Provide explanation below on how procured item meets Customary Advance Payment Rules. |
| Click or tap here to enter text. | |

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| **Lease Versus Buy Consideration** | | |
| To obtain the best value, the recipient should review lease versus purchase alternatives for acquiring property and, if necessary, should obtain an analysis to determine the more economical alternative. Before the recipient may lease an asset, FTA regulations require the recipient to make a written comparison of the cost of leasing the asset compared with the cost of purchasing or constructing the asset. Costs used in the comparison must be reasonable, based on realistic current market conditions, and based on the expected useful service life of the asset.  (4220.1F Chapter IV Section 1.e.) (“Capital Leases,” 49 CFR Part 639, Subpart C) | | |
|  | **True** | **False** |
| **Is this acquisition a lease?** |  |  |
| **If yes,** provide an explanation of lease versus buy considerations for this procurement. This analysis is required if this is a lease procurement. | | |
| Click or tap here to enter text. | | |

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| **Necessity Determination** | | |
|  | **True** | **False** |
| Based on the necessity analysis, the amounts and schedules to be procured appear to represent a reasonable expectation of need at the time of acquisition and avoid unnecessary or duplicative purchases of items/services?  (4220.1F Chapter III Section 3.a.(2)) (4220.1F Chapter IV Section 1.b.) (2 CFR Part §200.318(d)) |  |  |