

**DOCUMENT RESUME**

02057 - [A1112095]

[Multiple Extensions of Contract Beyond Option Periods].  
B-187607. April 15, 1977. 2 pp.

Decision re: Interne Corp.; by Robert F. Keller, Acting  
Comptroller General.

Issue Area: Federal Procurement of Goods and Services (1900).

Contact: Office of the General Counsel.

Budget Function: General Government: General Property and  
Records Management (804).

Organization Concerned: General Services Administration; Apex  
Corp.

The protester objected to the extension of the life of a mandatory requirements contract for plug-to-plug compatible memory for use with various designated electronic data processing equipment. Multiple extensions of the contract beyond the option period were unjustified, since the necessity apparently arose from the agency's failure to timely solicit a follow-on contract. (Author/SC)

02057

**DECISION**



**THE COMPTROLLER GENERAL  
OF THE UNITED STATES  
WASHINGTON, D. C. 20548**

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**FILE: B-187607**

**DATE: April 15, 1977**

**MATTER OF: Intermem Corporation**

**DIGEST:**

Multiple extensions of contract beyond option periods are unjustified where necessity apparently arose from agency's failure to timely solicit follow-on contract.

The Intermem Corporation protests the General Services Administration's (GSA) extension on September 30, 1976 of the life of a mandatory requirements contract (GS-00C-00052) with the Ampex Corporation (Ampex). The Contract calls for plug-to-plug compatible memory units for use with various designated automatic data processing equipment. GSA acknowledges that this contract was awarded January, 1973, for an original term expiring on June 30, 1973, and that it only included option provisions allowing extension through 2 successive years, not to exceed 36 months from the date of award.

It appears that the contract has been modified twice to extend its expiration beyond the date on which it would have otherwise expired, viz: on December 31, 1975 (extending it through September 30, 1976); and on September 30, 1976 (through March 31, 1977). Intermem views that action as affording Ampex a sole source position, and specifically, urges that new memory requirement suitable for use with IBM 360/85 data processing equipment should be opened to competition.

The record shows that GSA issued a determination and findings (D & F), concluding that extension of the Ampex contract was required in the best interest of the Government because: (1) lapse of the contract would create a void in a Government-wide mandatory source of equipment and services; and (2) many user agencies are leasing equipment pursuant to the contract and have accumulated purchase credits which would otherwise be lost.

However, GSA has not adequately explained why its requirements were not the subject of a formal procurement prior to January of 1976,

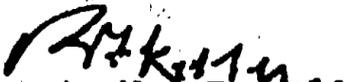
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or why a solicitation was issued only after the contract was extended for the second time. Although GSA may prefer to continue to utilize a single requirements contract for plug-to-plug compatible memory units, covering use with all of the various equipment designated under the Ampex contract, it is not clear to us why only Ampex could supply all of the requirements included under the present contract.

We find GSA's D&F insufficient to justify the extensions of the Ampex contract. Insofar as appears, the extensions became necessary only because GSA failed to timely solicit an appropriate follow-on contract. In the circumstances, we cannot agree that multiple extensions of the Ampex contract were justifiable.

On the other hand, we do not believe that termination of the extended Ampex contract should be recommended, since we are advised that GSA has solicited a follow-on contract for new plug-to-plug memory systems and anticipates making award in the near future. Termination before that date could jeopardize the operational status and maintenance of existing equipment leased or purchased under the Ampex contract, with the result that it does not appear to be feasible to make alternative arrangements prior to the new contract. We are, however, by separate letter of today advising the Administrator of General Services of our views and recommending that he take appropriate steps to assure that the situation disclosed will not arise in future procurements.

Finally, regarding Intermem's contention that the request for new 360/65 memory should be opened to competition, we believe that this contention is premature in the context of the present protest, raising issues appropriate for consideration in regard to GSA's solicitation of a follow-on contract.

  
Acting Comptroller General  
of the United States