

excessive as indicated by repair records. However, because an item of equipment accrues repair costs equal to the acquisition cost, it is not necessarily indicative of the current condition of the equipment. For example, a substantial repair expenditure included in the cumulative cost may actually have resulted in restoring the equipment to as good as new condition. While cumulative repair costs suggest an area for investigation, they should not be used as the principal ingredient in the repair/replacement decision making process.

(2) When repair parts are not available causing excessive equipment out-of-service time.

(3) When the equipment lacks essential features required in a particular task which is of a continuing nature and other suitable equipment is not readily available.

[32 FR 12400, Aug. 25, 1967]

Subpart 101-25.5—Guidelines for Making Purchase or Lease Determinations

SOURCE: 31 FR 3462, Mar. 5, 1966, unless otherwise noted.

§ 101-25.500 Scope of subpart.

This subpart prescribes guidelines to be used by executive agencies in determining whether acquisition of equipment of the types specified in this subpart should be by purchase or lease. If appropriate, executive agencies should use these guidelines in the determination, allowance, or evaluation of costs under the Federal Acquisition Regulation (FAR) (48 CFR part 31) to the extent that the guidelines are consistent therewith.

[53 FR 11848, Apr. 11, 1988]

§ 101-25.501 General.

Studies conducted by the Federal Government indicate that in many cases substantial savings can be realized through purchasing rather than leasing certain equipment. These studies emphasize the need for making cost comparisons prior to determining method of acquisition.

§ 101-25.501-1 Acquisition considerations.

(a) Prior to acquisition of the types of equipment specified in this subpart (and to other types as appropriate) consideration shall be given to:

(1) Length of time the equipment is to be used, including extent of usage, e.g., three shifts for 2 years, and including potential additional use by another Federal agency if the equipment becomes excess to the acquiring agency;

(2) Financial and other advantages of all types and makes available;

(3) Leasing costs and purchase options;

(4) Costs of purchase and installation;

(5) Imminent technological improvements; and

(6) Other pertinent factors.

(b) Where an agency already has leased equipment in its possession, consideration shall be given to the feasibility of purchasing such equipment or new equipment of a similar or different type and make.

§ 101-25.501-2 Cost comparison methods.

(a) Different methods may be used for projecting pertinent factors into a cost comparison of alternative methods of acquisition. These range from highly technical methods which include the consideration of factors such as interest rates, technological life, and trade-in or salvage value to a basic method which simply compares the cost of purchasing and maintaining equipment against the cumulative costs of leasing. Irrespective of the method used for cost comparison, the point in time at which cumulative leasing costs exceed purchase costs for specific types of equipment usually does not vary significantly.

(b) A simplified method of making a comparative cost analysis of the alternative methods of acquisition is illustrated for each type of equipment for which purchase or lease guidelines and criteria are established in this subpart 101-25.5.