MEMORANDUM TO THE FILE

**Subj: LEASE VS PURCHASE ANALYSIS**

1. DoD Instruction 5000.64 defines equipment as personal property that is functionally complete for its intended purpose, durable, and nonexpendable. Equipment generally has an expected service life of 2 years or more; is not intended for sale; does not ordinarily lose its identity or become a component part of another article when put into use; has been acquired or constructed with the intention of being used.
2. In accordance with FAR 7.4, agencies shall acquire equipment using the method of acquisition most advantageous to the Government based on case-by-case analysis of comparative costs and other factors in accordance with this subpart and agency procedures.
   1. What is the estimated length of the period the equipment is to be used and the extent of use within that period?
   2. Are there any financial or operating advantages of alternative types and makes of equipment? If yes, please explain.
   3. What is the cumulative rent, lease, or other period payments for the estimated period of use?
   4. What is the net purchase price?
   5. Is the Government able to cover the associated costs of transportation, installation, and storage?
   6. If purchased is the Government able to perform or obtain required maintenance, repair, and other service costs?
   7. Is there a potential for obsolescence of the equipment due to imminent technological improvements?
3. Provide market research information below regarding the availability and cost of leasing/purchasing the required equipment. Note: Please provide information from three (3) sources.

|  |  |  |  |
| --- | --- | --- | --- |
| **EQUIPMENT NAME / TYPE:** | Type text here | | |
|  | **1st Source** | **2nd Source** | **3rd Source** |
| Make/Model |  |  |  |
| Name of Company |  |  |  |
| POC & Telephone No. |  |  |  |
| Useful Life of Equipment (Months) |  |  |  |
| Estimated period of usage (Months) |  |  |  |
| **LEASING INFORMATION** | | | |
| 1. Monthly Rental/Lease Cost ($) |  |  |  |
| 1. Portion of Monthly Cost Applicable to Maintenance ($) |  |  |  |
| 1. Portion of Monthly Cost Applicable to Transportation and Installation ($) |  |  |  |
| Total Monthly Rental/Lease cost (a)+(b)+(c) = ($) |  |  |  |
| Cumulative Total Rental/Lease cost over estimated period of usage ($) |  |  |  |
| Lease with Option to Purchase Available? | Yes  No | Yes  No | Yes  No |
| **PURCHASE INFORMATION** | | | |
| 1. Net Purchase Price ($) |  |  |  |
| 1. Transportation/Installation costs if purchased ($) |  |  |  |
| 1. Maintenance/service costs if purchased – full estimated usage period ($) |  |  |  |
| Total Purchase Price over estimated period of usage (d)+(e)+(f) = ($) |  |  |  |
| **DETERMINATION** | | | |
| State the reason why the equipment should be leased instead of purchased. Examples include: lack of maintenance capability, obsolescence of equipment due to technological advances, etc. | | | |
| Purchase more appropriate than leasing? | Yes  No | Yes  No | Yes  No |

1. Based on the information above, the requiring activity believes it is in the best interest of the Government that the equipment be acquired via the pick one: LEASE or PURCHASE method. This requirement cannot be obtained as conveniently or economically by utilizing the pick one: LEASE or PURCHASE method.
2. **REQUIRING ACTIVITY CERTIFICATION**: To the best of my knowledge, the above information is current, accurate, and complete.

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Signature Name (Printed) / Phone # Date

1. **CONTRACTING OFFICER CONCURRENCE:** I certify that this analysis is accurate and complete to the best of my knowledge and belief. pick one: LEASE or PURCHASE is in the best interest of the Government.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_

Signature Name (Printed) / Phone # Date

**\*\*Please** **remove any blue guidance text** when you are finished. The completed form should be in black standard text. **Please do not convert to PDF.**

**(End)**