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STATE OF OKLAHOMA
DEPARTMENT OF CENTRAL SERVICES

PROCUREMENT INFORMATION MEMORANDUM (Number 09-02)

TO: All Certified Procurement Officers

REVISION DATE: March 29, 2010

SUBJECT: Multi-Year Contracts – Procedure Guidance and Policy Change

1. References: 74 O.S. 2009 §§ 85.2, 85.4., 85.5., 85.7. (A), et seq.
2. Previously, agencies were required to either send the file for Central Purchasing to renew multi-year contracts exceeding a total cost of \$25,000 or request Central Purchasing to bid multi-year contracts exceeding a total cost of \$25,000. In order to provide agencies greater flexibility in the management of their purchasing processes, for multi-year contracts, the following guidance is provided.
3. **Solicitation for multi-year contracts not exceeding \$50,000 or \$100,000 annually:** Effective September 1, 2009, depending upon the delegated purchasing authority limit (\$50,000 or \$100,000), agencies with approved internal procedures and a Certified Procurement Officer may conduct solicitations for multi-year contracts not exceeding the delegated authority limit per 12-month period.
 - a. When an agency elects to conduct the solicitation:
 - (1) The Solicitation shall include a separate line and contract period for each year; not to exceed the delegated authority limit per 12 month period;
 - (2) In its evaluation of cost for the purposes of determining either “lowest and best” or “best value”, the agency shall consider and include supplier’s (total costs) pricing for the first year and all renewal periods;
 - (3) Change in the scope of the contract remains prohibited, and the original contract shall state the maximum number of renewal periods which shall not be exceeded.
 - (4) If the total cost of the contract (including all renewal periods) exceeds the \$50,000 the agency shall solicit all vendors listed in the PeopleSoft vendor file for the commodity and all recommended vendors;
 - (5) The agency shall verify, pursuant to the applicable provisions of law, that the supplier is eligible to do business in the State of Oklahoma by confirming with the Secretary of State and franchise tax payment status, and sales tax permit, pursuant to Sections 1203, 1204, and 1364 of Title 68 of the Oklahoma Statutes;
 - (6) Agency CPO’s are encouraged to be aware of market-place conditions when considering the length of multi-year contracts. In some circumstances it is wise to consider contract periods of less than three years due to volatility of commodity costs or other factors.
 - (7) The agency shall include the standard non-appropriation clause in the solicitation;

“SERVICE, QUALITY, INTEGRITY”

(8) The Origin in PeopleSoft must be identified as “Exempt” and the PO Type identified as the type of purchase made, i.e., open market, professional bid, professional no bid, etc.”

4. **Renewal of multi-year contracts:** Effective September 1, 2009, agencies with approved internal procedures and a Certified Procurement Officer may process the renewal of acquisitions without submission to the State Purchasing Director, when each contract period does not exceed the delegated single transaction purchasing authority limit. This authority to process renewals applies to multi-year contracts initially bid by the agency, provided no single year exceeds the delegated purchasing authority limit.
5. Existing multi-year contracts initiated and administered by Central Purchasing on behalf of an agency; will continue to be renewed to their final renewal period.
6. Central Purchasing will no longer “take over the contract file” from an agency and process renewals for multi-year contracts of \$50,000 or less per 12-month period.
7. Agency internal purchasing procedures will require revision to comply with this guidance.

The point of contact for this memorandum is Lee Johnson, Contract Manager 522-5395



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