Contracts: What you should know about services

Presented by: Mary La Corte, Assistant Director
Requesting 3rd Party Services for SBU

- **Agenda**
  - General Procurement Requirements for New Service Contracts
  - Establishing Contract Value
  - Monitoring and Managing Contract Value
  - OSC
  - Bid Protest Procedure
  - Service Assignments
Services

• **General Procurement Requirements for New Service and Established Service Contracts**
  
  - Fund the liability by sending a Service Request through Wolfmart
  - Include pertinent information such as a quote, quotes from other vendors to establish price reasonableness, documentation of negotiations you may have had with the vendor directly, third party agreement, vendor contact information
• General Procurement Requirements for New Service Contracts

  ➢ Bidding Solicitation
    ➢ What:  Provide clear description/specs
    ➢ Where: Where is the work to be performed?
    ➢ When: Agreement term?
    ➢ Why: Justification as to need and reasonableness of cost
    ➢ How: Provide clear, concise specifications
Service Leadtimes

General Procurement Requirements for New Service Contracts

Remember!

Lead time for bids can take from 6 to 8 months from start to finish when OSC or OGS approval is required.

When OSC approval is not required (example; T contracts), lead time is cut down to 2 to 3 months or less.

Please take into account timeframes when approaching Procurement.
Service Requirements

• General Procurement Requirements for New Service Contracts

- Call Procurement to see if a contract may already exist for the service you are requesting. We are available Monday through Friday 7:30am to 5pm to assist you

- Do not sign any contract agreements ever or authorize work to be performed without approval from Procurement!

- Technical information and business decisions are the responsibility of the using department, not Procurement
General Requirements

- General Procurement Requirements for New Service Contracts

  - A requisition providing full funds to cover the service commitment. New bids will not be processed unless they are fully funded.
  - Support Documentation to include:
    - A justification as to the need of the specific service, why it cannot be done in house and why it is more cost effective to contract out for the service.
    - Vendor quotation(s) (if applicable i.e. software agreements).
    - Detailed Specifications including breakdown of labor and materials as applicable.
    - Drawings if necessary
How to Request

- **General Procurement Requirements for New Service Contracts**
  
  - Specifications for bids/services/software/maintenance agreements should be submitted through Wolfmart on a Service Request Form.
  
  - Software implementations require the approval of DoIT prior to submission to Procurement.

https://it.stonybrook.edu/pages/new-service-and-service-enhancement-request
Is your spec restrictive?

- **General Procurement Requirements for New Service Contracts:**
  - Procurement Management reviews all requests for bids and specifications as they are received. A Buyer or Contract Officer is then assigned. If specification do not meet NYS Procurement Guidelines, i.e. they are restrictive or appear to be written by a vendor, they will be rejected and sent back to Department.
  - Turn around time for getting back to the Departments will be within 10 business days.
General Procurement Requirements for New Service Contracts:

Once all necessary requirements have been fulfilled, a purchase order and/or contract will be issued. The using department will receive a copy of the purchase order, the fully executed agreement along with a highlight sheet indicating the important aspects of the contract.
Have you budgeted enough for your contract value?

- Establishing Contract Value:
  - **Time Frame of Contract**
  - **Initial bid Pricing Page-Guideline for Annual Value**, use historical information or industry standards to ascertain labor and materials costs.
  - **Price Escalation**, such as increases to prevailing wages or CPI increases.
  - **Final Value**
Contract Management

• Monitoring and Managing Contract Value

➢ Review of encumbered to Date vs. Established Contract Value

➢ Justification and Back-up for increases in Contract Value, be prepared to demonstrate to OSC what projects are coming down the pike and how it benefits the State not to rebid.

➢ Requires OSC Approval- Be Sensitive to Lead Time
Contract Approval

• OSC (Office of the State Comptroller)
• A/G (Office of the Attorney General)
  – Currently OSC and A/G approval is required on all service contracts exceeding $50K and can post audit any transaction at any dollar value.
  – OSC Reviews all Payments made on behalf of the University (State Expenditures)
Ensuring your contract gets approved

OSC Flaw Points

- Is there a state contract for this service and if so why are we not using it?
- The department therefore must be able to justify why the State contract does not meet their needs. The rationale most frequently supplied is that the State contract is not tailored enough for the campus’s needs i.e.. we need a coach bus and the State contract only has school buses.
Is your spec restrictive?

Problematic Procurements

- OSC rejects procurements when the solicitation does not appear to be fair to all vendors. Bid specs cannot be skewed towards a preferred vendor and a department must be able to demonstrate that a bid is not restrictive.
  - For example: if a department is going to bid out a service, such as roof repair and the specs specify that the vendor must have 15 years experience, the department must be able to back up that qualification requirement.
What are you basing your qualifications on?

- **Specs** cannot be arbitrary and they cannot be used as a tool to disqualify other vendors.
- Best to use industry standards or historical data based on previous contracts.
- You may want to do some research and ask what your counterparts are using at another University or see what the requirement are for the service on a GSA (federal general service administration) contract.
Don’t guess, assess!

- Not predicting accurate labor and materials costs can effect both the approval of your contract and the term of your contract.
- Usage must be broken down by history and an outline of how current usage has been calculated should be included on your departmental justification.
Why can’t service be done inhouse?

- OSC requests Cost/Benefit Analyses for services. You must be able to demonstrate how it is more economical and in the best interest of the University and State of New York.

  ✓ Cheaper to do a service contract as written in your specs than doing the work internally or some other way.
Contract Approval

OSC Correctible Flaws

- This may or may not cause rebid.
- OSC questions your justification and asks department to prove why you are using those specific requirements and how it's not restrictive to other vendors. Ask yourself is the spec a level playing field to all potential bidders?
Contract Non-Approval

**OSC Fatal Flaws**

- This will cause a re-bid
- Restrictive bids that dept cannot justify specified qualifications.
- Specs that do not follow NYS labor laws.
- Specs as written are too biased/Too specifically written to one vendor.
When Amendments Are Required

- Specifications that are grossly overestimated or underestimated may cause a rebid.
- Small changes in estimates that do not exceed 5% of contract value require a formal amendment between the University and the vendor.
- Extending a date beyond the contract term.
- Emergency services that could not be anticipated when the spec was written.
Best Case Scenario

- Simple, clear, well thought out specs result in approved contracts.
- OSC asks technical questions and Procurement receives response from department quickly.
- Right kind of history provided
- Enough competition to show Vendor is Fair and Reasonable.
- Paper work is not ambiguous.
Service Assignments

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Contract Review, Major Agreements

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Service Contract Performance, Monitoring and Compliance, Travel (EuroLloyd), Car Rentals, Insurance, Hotel Agreements, cell phone services, shredding

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• **Lynn A. Davis**  
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  Revenue Contracts, Printing, Spd Agreements, Student Search/Marketing Agreements, Maintenance Contracts, Printing, Copier Purchases, Repairs

• **John Mastromarino**  
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• **Malgorzata (Margaret R) Remiszewski**  
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  Software agreements/licenses/renewals, document destruction, inventory services, painting services and miscellaneous services.

• **Myoshe Evans**  
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  Contracts Secretary

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  Bid Coordinator
Services

QUESTIONS?

Thank You

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