

MULTI YEAR PURCHASING AGREEMENTS BEST PRACTICE

AREA: Program Management

TITLE: Procurement

SUBJECT: Multi Year Purchasing Agreements

ABSTRACT: Procurement is an essential component of the financial management of a weatherization assistance program. Proper procurement and adherence to the government procurement requirements necessitate considerable management time be spent on the procurement activities. Issuing of multi year purchasing agreements maximizes the use of time on procurement activities.

ISSUE: The Weatherization Assistance Program is responsible for significant public spending and need to have systems in place to achieve effective public spending.

ACTION:

1. Contact the State office to determine if soliciting for multi year purchasing agreements is allowable under State procurement procedures. As State subgrants are typically issued for a single year at a time the agreement would be structured as one year with option years. This is also a good practice for multi year grants as a vendor/contractor that is not performing can easily be removed from the supplier list after one year.
2. Determine the allowable number of option years that can be included in the solicitation. The number is usually two or four.
3. Incorporate a clause within your solicitation (bid package) that allows for one year with two or four option years. The clause would be contained within the Type of Agreement and Payment Schedule component of the solicitation. The clause would include language similar to the example below.

“There will be an initial 1-year agreement period with four 1-year extensions available. Each of these will be priced separately and exercised at the Agency’s discretion.”

4. The Agency will need to have a procedure in place to evaluate the performance of the vendor/contractor to determine if the Agency should exercise an extension.
5. The Agency will need to have a procedure in place to evaluate the cost for the extension period. The cost would be determined through negotiation with the vendor/contractor.

6. The Agency would notify the vendor/contractor 30 days prior to the existing agreement expiring if they will be issuing a 1-year extension.

CONTEXT: The use of multi year purchasing agreements is a method to support the Weatherization Assistance Programs specified level of quality and standard of services. Multi year purchasing agreements frequently generate increased competition which facilitates the selection and subsequent management of the best supply strategies.

REFERENCE: Department of Energy Weatherization Assistance Program Procurement Tool Kit.

FOR MORE INFORMATION:

Susan White

ACKCO, Inc.

1326 N. Central Ave., Unit 208

Phoenix, AZ 85004

602-253-9211 ext. 150

susan.white@ackco.com