There are several reasons OSP includes renewal options in contracts
Benefits of Having Renewal Options

• Lock in prices
• Saves time and money not having to bid those commodities every year
• Can opt not to renew if there is a huge increase in price
• Can opt not to renew if there were issues with the contractor
Renewal Options

- Contracts are generally bid out for 1-year periods, with two 1-year renewal options, not to exceed 36 months. There are rare exceptions for longer contracts, but these require special approval from the Director of OSP
- Unless the contract has built-in clauses that allows for changes, most contracts will be renewed at the same prices, terms and conditions as the original contract

Contracts are generally bid out for 1-year periods, with two 1-year renewal options, not to exceed 36 months. There are rare exceptions for longer contracts, but these require special approval from the Director of OSP

Unless the contract has built-in clauses that allows for changes, most contracts will be renewed at the same prices, terms and conditions as the original contract
WHAT TYPES OF CONTRACTS DOES OSP INITIATE
OSP generates several different types of contracts which include, Blanket Purchase Orders, Agency Term Contracts, Statewide Contracts, Brand Name Contracts, LaMAS (Louisiana Multiple Award Schedule), Cooperative Contracts (which are multi-state contracts), Emergency Contingency Contracts and contracts that are awarded through the RFP process. The Renewal Process we will be going over today will be followed for most contracts, but there are a couple of exceptions. Brand Name, LaMAS, Cooperative and Emergency Contingency Contracts have slightly different procedures or requirements when renewing, but the overall concept of renewing these types of contracts is the same.

Using agency are involved in the renewal process for Blanket Orders, Agency Term Contracts, Emergency Contingency Contracts, and RFP Purchasing Contracts. All other contract types typically do not require agency involvement. However, OSP may reach out to using agency to determine if renewing a particular contract is beneficial to the State.
What is a Blanket Order?

- If an agency has a need for a product or service that they know they will be using throughout the year, instead of doing multiple 1-time buy bids, they may choose to have a blanket order set up instead.
- Blanket orders have estimated quantity clauses, and are either set up on a delivery schedule, or on a “called-for-as-needed” basis. Most of the time, when an agency sets up a blanket order, they have an idea of how much they typically order for each shipment, or how much they use per month, but it is not always an exact set amount.
- Common Examples: uniform clothing; janitorial services; lawn maintenance; equipment maintenance; lab supplies, etc.
## Blanket Order vs Agency Term

<table>
<thead>
<tr>
<th><strong>Blanket Order</strong></th>
<th><strong>Agency Term Contract</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Funds are encumbered</td>
<td>• Funds are not encumbered</td>
</tr>
<tr>
<td>• The same PO number is used all year</td>
<td>• Multiple PO numbers will be issued against the contract</td>
</tr>
<tr>
<td>• Actual orders to the vendor for shipments can be placed via phone, fax, email, etc.</td>
<td>• Each time an order for shipment or payment is needed, a PO has to be entered into LaGov</td>
</tr>
<tr>
<td>• Renewal Initiated by Agency with submission of a shopping cart</td>
<td>• Renewal Initiated by OSP contacting agency requesting their desire to renew</td>
</tr>
</tbody>
</table>
Agencies are not required to seek renewal with a vendor. However – OSP cannot prevent the vendor from submitting a bid on any rebid of the contract, unless the vendor is suspended from doing business with the State.

If the agency does not wish to renew, the reasons for not renewing the contract should be provided in writing. The file should be noted and the renewal process will be discontinued. If the Agency wants the contract rebid, the State Procurement Analyst will route the file for the appropriate approvals to place the file out on bid.
Renewals and extensions of contracts awarded through the RFP process and blanket order POs are initiated by the using agency submitting a shopping cart requesting a renewal or extension of the contract. This differs from other types of contracts where OSP initiates the renewal process.

If a Blanket Order PO or a contract awarded through the RFP process was awarded with renewal options, then near the end of the contract period (approximately four months prior to the end of the contract period), the agency will need to send in a new shopping cart for the next year, and reference the prior PO number in the shopping cart notes.
Some contracts have price escalation / de-escalation clauses built in, that are tied to some way to track the change, such as PPI / CPI. For the vast majority, however, we cannot increase the price on any renewal. However ... when our office does market research, if price trends for that service or commodity show a decrease, we do reach out to the vendor to let them know this, and we ask if the vendor is willing to give a discount. More often than expected – they actually will agree to a small reduction, in order to avoid the contract being rebid.
We can also adjust quantities, delete lines (you cannot add new lines), or change certain minor things such as: printing an updated year on a form.

Any changes made need to be notated on the shopping cart when you send it to OSP, because these changes have to be included on the Renewal request letter that we send to the vendor.
Contract Performance Evaluation

When requesting to renew any contract, other than Blanket Orders, the Agency should complete and submit a Contract Performance Evaluation.
This new Contract Performance Evaluation form will give agencies the opportunity to provide feedback on vendor’s performance and contracts. We will be able to use this valuable information to assess whether our contracts are working as intended, do we need to revisit our specifications, or is the contracted even needed.
Approximately four (4) months prior to the expiration date of the contract, the SPA should pull and examined the original bid file along with any renewal files to determine if:

- There are any renewal options remaining
- There were any problems with the original award
  - Protests
  - Rejected bids for administrative technicalities
  - If there were any complaints/deficiencies
• Protests
• Rejected bids for administrative technicalities
• There were any complaints/deficiencies

For LaMAS contracts, you will want to verify GSA contract dates at this point and for Co-ops you’d want to review submitted amendments against master agreements.
If at any point during the review process it is determined the contract should not be renewed, the SPA will discontinue the renewal process.

The using agency will be informed the contract will not be renewed and the SPA will get the agency’s concurrence in writing to place the items on bid.

If at any point during the review process it is determined the contract should not be renewed, discontinue the renewal process. If the contract is a Blanket Purchase Order or Agency Term Contract, inform agency the contract will not be renewed and get their concurrence to place the items back out on bid.
OSP requires SPAs to perform market analysis using two resources. The first is CPI/PPI, which can be done by going to their website. The report is to be run for the contract’s commodity category and you want to limit the data to one year. The other market analysis report is ProcurementIQ. Here is their website and you will be running and printing the “Report Snapshot” for the contract’s commodity category as well. ProcurementIQ may not have a report for the commodity category you are looking for, in those instances, you will print the “no results found” screen for the file, showing that you attempted to obtain the report.

The market analysis reports will show you how much a commodity has increased or decreased over a period of time. If the reports show a huge decrease, let’s say 10% or more, then you would want to discuss with your supervisor/manager to ensure it is in the State’s best interest to even seek renewal. It may be decided to place the items back out on bid for better pricing.
After the appropriate approvals are received to seek renewal, Amendments for RFP Purchasing Contracts will be emailed to the Contractor, and for all other contract types they will:

- Ask Contractor for a discount
- Prepare a Renewal Inquiry Letter
- Include any changes
- Email to the Contractor

Ask vendor for a discount. We always want to ask for a discount, even if the market analysis shows an increase in price.

Prepare the Renewal Inquiry Letter

Include any changes such as
discounts, items being added or deleted, etc.

Email to the Contractor
If the vendor rejects the renewal,

For Blanket Orders and Agency Term Contracts
- Discontinue the renewal process
- Advise the using agency
- Have agency submit how they wish to proceed in writing
  - If agency wishes to place the commodity/service out on bid, complete a route slip and route file for approval to bid

And for Statewide Contracts
- Discontinue the renewal process
- Complete a route slip and route file for approval to bid
If the vendor agrees to renew

The following documentation should be obtained if applicable:

- Current Secretary of State Registration
- Current Sam.gov report
- Current Certificate of Insurance
- AM Best insurance ratings
- Signature Authority
- Licenses
- Any additional documentation required for the contract

NOTE: With the exception of Signature Authority, the same documentation would be required for all distributors listed on the contract

With the exception of Signature Authority, the same documentation is needed for all distributors listed on
the contract
Contracts – print, sign and route the contract with all attachments and Renewal Notification letter for Supervisor or Manager’s signature. Send executed contract to vendor and agency.

Blanket Purchase Orders – Print, sign and scan the purchase order with all attachments. Email new Blanket Purchase Order to the vendor and agency.
Office of State Procurement

OSP Phone Number: 225-342-8010

Purchasing Helpdesk: DOA-OSPhelpdesk@la.gov