

TTUS, TTU, TTUHSC, TTUHSC El Paso: Approval of Purchasing Contracts in Excess of \$1 Million

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October 13, 2016



Background

The 84th Legislature

- passed Senate Bill 20, an Act relating to state agency contracting which was effective September 1, 2015.
 - Senate Bill 20 enacted Tex. Gov't Code §2261.254, which requires Board of Regent approval of each contract for the purchase of goods or services that has a value exceeding \$1,000,000 unless the Board of Regents has delegated approval and signature authority.
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Historical Regents' Rules

- The *Regents' Rules* required Board of Regents approval for “contracts...in excess of \$1,000,000 per annum” and delegated authority to the chancellor for TTUS “contracts...of \$1,000,000 or less” and to the president(s) for component institution “contracts...of \$1,000,000 or less per annum”; and
 - The *Regents' Rule* excepted from the Regents' Rules contracting policy “purchasing documents, which shall be processed in accordance with state law and purchasing regulations” [where the phrase “purchasing documents” was undefined, but was intended to cover P.O.s, state purchasing cooperatives, DIR approved contracts, and similar arrangements].
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Modifications to The *Regents' Rules* in 2015 and 2016 to address various aspects of Senate Bill 20,

- Board of Regents approval is required for contracts “in excess of \$1,000,000 over the entire term of the contract unless a different consideration is specified” and delegated authority to the chancellor or president, as applicable, for contracts “that total in excess of \$1,000,000 over the entire term of the contract but the per annum amount is less than \$1,000,000”; and
 - eliminated the exception for “purchasing documents.”
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Action required

- As a result of the modifications to the *Regents' Rules*, the Board needs to approve the purchasing contracts that exceed \$1,000,000 per annum. Purchasing contracts are all compliant with Texas Education Code § 51.9335 and component Operating Policies and Procedures. Approval is requested for each vendor.
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Contracts in Excess of \$1,000,000

Component	Vendor	Goods and/or Services to be Provided	Per Annum Expenditures	Start	End	Procurement
TTU/TTUS	Summus Dell	Computer Equipment and services	\$ 5,337,507	1/9/2012	1/9/2017	Department of Information Resources (DIR) Agreement
TTU	AT&T Datacom	Telecommunications products and services	\$ 1,782,600	7/1/2015	7/1/2019	Department of Information Resources (DIR) Agreement
TTU	Carcon Industries	Food and supplies for resale - TTU Hospitality Services	\$ 7,540,156	10/21/2014	10/20/2019	Provista Purchasing Cooperative
TTU	Carrier Corporation	Equipment and services for TTU Chiller Plant	\$ 4,560,200	10/1/2014	9/30/2017	Buyboard Purchasing Cooperative
TTUS	ConvergeOne Inc	VOIP Telephony systems maintenance	\$ 1,232,892	9/1/2014	11/5/2018	Department of Information Resources (DIR) Agreement
TTU	Elsevier BV- Amsterdam	Books and reference materials for TTU Library	\$ 1,768,723	1/1/2016	12/31/2019	Direct Publisher of Intellectual Materials
TTU	Summus VWR	Lab equipment and supplies	\$ 1,055,663	11/17/2009	6/30/2018	E&I Purchasing Cooperative
TTU	Possible Missions Fisher Scientific	Lab equipment and supplies	\$ 1,687,862	8/8/2014	10/31/2020	UT Alliance Purchasing Cooperative
TTU	EBSCO	Books and reference materials for TTU Library	\$ 1,102,963	9/1/2016	8/31/2017	Direct Publisher of Intellectual Materials
TTUHSC	J T Vaughn Construction LLC	Job order contractor for remodeling and small construction projects across all campuses.	\$ 5,527,084	11/1/2011	10/31/2016	The Cooperative Purchasing Network (TCPN)
TTUHSC	Alpha Building Corporation	Job order contractor for remodeling and small construction projects across all campuses.	\$ 3,381,334	11/1/2011	10/31/2016	The Cooperative Purchasing Network (TCPN)
TTUHSC	Possible Missions Fisher Scientific	Scientific and laboratory supplier.	\$ 1,296,310	11/1/2013	10/31/2020	University Of Texas System Supply Chain Alliance (UTSSCA)
TTUHSC	Summus Dell	Computer hardware, software, and services.	\$ 2,666,397	1/9/2013	1/9/2017	Department of Information Resources (DIR)
TTUHSC	SHI Government Solutions	Computer hardware and software.	\$ 3,822,640	10/18/2012	12/31/2018	Department of Information Resources (DIR), Buy Board
TTUHSC	Summus Henry Schein	Medical supplies for clinical operations	\$ 2,178,972	1/1/2013	12/31/2016	Alliant/ Premier Group Purchasing Organization
TTUHSC El Paso	Summus Dell	Computer hardware, software, and services.	\$ 1,053,879	9/1/2015	8/31/2016	Department of Information Resources (DIR)
TTUHSC El Paso	Sigma Solutions	Computer hardware and services	\$ 1,221,111	9/1/2015	8/31/2016	Department of Information Resources (DIR)



Purchase Types

Total of 17 Contracts	
TTU	\$26,068,566
TTUHSC	\$18,872,737
TTUHSC El Paso	\$2,274,990
Total	\$47,216,293

By Category of Purchase	Job Order	\$8,908,418
	Computer Equipment	\$17,117,026
	Food	\$7,540,156
	Physical Plant Equipment	\$4,560,200
	Books	\$2,871,686
	Lab Equip / Med Sup	\$6,218,807
	Total	\$47,216,293

By Type of Purchase	Purchasing Cooperative	\$27,227,581
	DIR	\$17,117,026
	Direct Publisher	\$2,871,686
	Total	\$47,216,293



Advantages of Purchasing Cooperatives

<p><u>Voluntary Contracts</u> Contracts are voluntary, non-exclusive, and may be cancelled at any time (the institution will still be obligated for any purchase orders that have been submitted)</p>	<p><u>Soft Cost Savings</u> Reduces the administrative burden (soft cost savings) by conducting the competitive procurement process and contract management functions</p>	<p><u>Greater Efficiency</u> Provides the institutions opportunities for greater efficiency and economy in acquiring goods and services</p>
<p><u>Leveraged Pricing</u> Product cost savings through nationally/regionally leveraged pricing of goods and services</p>	<p><u>No Multi-User Costs</u> No additional administrative cost to participating institutions</p>	<p><u>Competitive Contracts</u> Enables participating institutions to take advantage of state-of-the-art purchasing procedures to ensure the most competitive contracts</p>
<p><u>No Minimum Spend Requirements</u> There is not any established minimum spend requirements</p>	<p><u>HUB Partners</u> Many of the purchasing cooperatives allow the utilization of Historically Underutilized Business (HUB) partners providing maximum HUB credit to the institutions</p>	<p><u>Additional Benefits</u> Most cooperative contracts also include additional benefits such as extended warranties, free returns, expedited shipping, and free shipping</p>



Requirements

Contracts with Value Exceeding \$1 Million	
Subsection	Paragraph
(a) For each contract for the purchase of goods or services that has a value exceeding \$1 million, a state agency shall develop and implement contract reporting requirements that provide information on:	<p>(1) compliance with financial provisions and delivery schedules under the contract;</p> <p>(2) corrective action plans required under the contract and the status of any active corrective action plan; and</p> <p>(3) any liquidated damages assessed or collected under the contract.</p>
(b) Each state agency shall verify:	<p>(1) the accuracy of any information reported under Subsection (a) that is based on information provided by a contractor; and</p> <p>(2) the delivery time of goods or services scheduled for delivery under the contract.</p>
(c) Except as provided by Subsection (d), a state agency may enter into a contract for the purchase of goods or services that has a value exceeding \$1 million only if:	<p>(1) the governing body of the state agency approves the contract and the approved contract is signed by the presiding officer of the governing body; or</p> <p>(2) for a state agency that is not governed by a multimember governing body, the officer who governs the agency approves and signs the contract.</p>
(d) The governing body or governing official of a state agency, as appropriate, may delegate to the executive director of the agency the approval and signature authority under Subsection (c).	

Senate Bill 20, Sec. 2261.254



Contracts greater than \$5 million

Modifications to The Regents' Rules in 2015 and 2016 to address various aspects of Senate Bill 20 (Sec. 2261.255)

- For each contract for the purchase of goods and services with a value exceeding \$5,000,000, the applicable chief procurement officer for the applicable component institution or the TTU system must submit to the board:
 - Verification that the solicitation and purchasing method and contractor selection process comply with state law and TTU system policies; and
 - Information on any potential issue that may arise in the solicitation, purchasing, or contractor selection process.

Of the 17 purchase agreements listed, 3 exceed \$5 million:

Component	Vendor	Services to be Provided	Per Annum Expenditures
TTU/TTUS	Summus Dell	Computer Equipment and services	\$ 5,337,507
TTU	Carcon Industries	Food and supplies for resale - TTU Hospitality Services	\$ 7,540,156
TTUHSC	J T Vaughn Construction LLC	Job order contractor for remodeling and small construction projects across all campuses.	\$ 5,527,084



Recommendation

The chancellor, upon the recommendation of their respective Presidents, recommends that the Board of Regents approve purchasing contracts for each component in excess of \$1,000,000 per annum.

Approval is requested for each vendor.





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