

**Follow Up to Questions
from the November 17, 2015, Board of Trustees Meeting
re: Contract Renewals**

Question: Do we investigate the market price of supplies when deciding whether or not to renew a vendor contract?

Answer: We do not routinely check market pricing when considering contract renewals. There are several reasons for that:

- It is not common practice among community colleges in Texas. In September 2013, the Collin Purchasing department sent an email to the Purchasing Directors for Texas Community Colleges asking them to describe their process of determining whether to renew a contract or rebid it. Very few responses were received and the consensus of those received was that if the vendor had provided good service, quality goods, etc., then they would typically grant the renewal rather than rebidding.
- Rebidding contracts annually could cause higher prices. Vendors could only amortize personnel and start-up costs over 1 year rather than multiple years.
- Rebidding contracts annually could also result in a loss of competition. It is time-consuming and expensive for bidders to respond to bids every year. If they don't receive a bid award from the College after a couple of years, the vendors will reallocate their resources to prepare bids where they have an expectation of an award.
- Performing a market survey would require sending out the actual terms, conditions and specifications to the vendors in order to make sure that the pricing furnished is for equal goods and/or services. Even if you are given a lower price, there is no guarantee that the vendor will respond to a bid and no guarantee that they will bid the lower price that they gave you during the market survey.
- Vendors also are given a false sense that they will be given an opportunity to bid if they provide us with a low price during the market survey.
- Experience has shown that the market surveys did not provide a true projection of award prices when the contracts were rebid.
- We currently send out a renewal notice to the departments for their comments and recommendation for renewal. As part of the continuous improvement process we are making the questionnaire more comprehensive.
- We encourage the departments to communicate any vendor issues with us as they arise, which is stressed to them in the Annual Purchasing Policies and Procedures workshop that we provide.

Kenneth D. Lynn
Acting Vice President Administrative Services/CFO
972.758.3831 T
klynn@collin.edu