



State Procurement Manual

Department of Administration, State Bureau of Procurement

Number
PRO-206

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SCOPE: The purpose of this policy is to establish guidelines for the proper duration of state procurement contracts.

POLICY: Contracts may be for any term deemed to be in the best interests of the state, but the terms and provisions for renewal or extension, if any, will be incorporated in the original bid or proposal specifications and the contract document. Renewal action is subject to the availability of funds.

The guidelines contained herein will be followed to determine the length of terms for procurement contracts.

PROCEDURE: I. Contracts for General Goods and Services

Term: Up to five years in increments to be determined by the agency

These contracts are for general goods and services that are bid and awarded by an agency; see PRO-202, Specifications and Standards. These contracts involve the issuance of multiple purchases, over the term of one year, by the agency purchasing offices. They involve performance on the part of the contractor that is normal and usual in the contractor's line of business. Investment or inventory requirements on the part of the contractor are minimal, and usual.

II. Contracts Requiring Significant State or Supplier Investment

Term: Up to three years initial term with renewal options at the discretion of the agency

These contracts involve a significant investment on the part of the state or the supplier as a condition to entering into, or terminating, the contracts. These contracts generally involve significant start-up, or conversion, costs. Benefits are derived by the state by



Legal Authority

Wis. Stats. s. 16.75(2)(b); 16.75(3); 16.91(2)

Agencies Affected: All, unless otherwise noted

Authorized:

Sara Redford, Director
State Bureau of Procurement



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limiting, as much as practical, the frequency of incurring the start-up or conversion costs by contracting for longer periods of time than one year. When these contracts pass from one contractor to another, the state faces such costs as those involved in transporting state-owned inventories from one contractor to another or carrying duplicates or disposal of incompatible product inventories. The cost of testing/inspection/approval of new contractors' products or facilities may be involved.

For supplier investment, contracts may require the contractor to acquire capital equipment where the investment is amortized over the life of the contract.

III. Contracts for Extended Performance

Term: Up to three years initial term with renewal options at the discretion of the agency

These contracts are for vendor performance over an extended period where this is determined to be in the best interests of the state, rather than contracts for one year. Generally, these contracts are for maintenance of capital equipment or major operating systems where continuous performance by the contractor is most likely to be beneficial to the contractor, therefore to the state. This type of contract is used to prevent short-term "fix" maintenance when this can result in deterioration to capital equipment or major operating systems.

IV. Contracts for Lease/Lease-Purchase

Term: Up to eight years

These contracts involve the lease or lease-purchase of equipment by the state. Contracts that are matched to the contractor's



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amortization schedule reduce the contractor's cost and, in a competitive bidding situation, reduce costs to the state.

V. Contracts for Specific, Indefinite Services

Term: As required

These contracts run for a term required by their conditions and contents. Examples include foreign office management, research services for a specific long term; investigation and testimony, expert witnesses.

VI. Printing Contracts

1. Statewide Bureau of Procurement or UW Local Service contracts for printing of classes 3, 4, 7 and 8

Term: As required, not to exceed three years total
These contracts are for transactions initiated by several state agency offices that involve the issue of multiple printing orders for similar types of printing.

2. Contracts for legislative printing, Class 1

Term: Two years (legislative term)

These contracts are for transactions initiated by legislative offices of multiple printing orders for similar types of printing that are bid and awarded for a period, in this case the two-year term of the legislature.

3. Contracts for a single product that requires exact reprints or repetitive production; or specific product with variations between orders.



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Term: As required, not to exceed three years total

These contracts are for products for which one or more printings of an original (exact or with variation between orders) are required and are used when the specifications or terms do not fit an existing State Procurement statewide contract. When provided for in the original bid and award document, repetitive printing is permitted.



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