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# MEMORANDUM

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Date: July 20, 2022

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: Jan Leshner   
County Administrator

Re: **Contract Renewal Process**

At the July 5, 2022 Board of Supervisors Meeting, Supervisor Scott requested information concerning the contract renewal process. Procurement Director, Terri Spencer, has provided a memorandum explaining the process according to the Procurement Code and Board Policy. (Attachment)

JKL/dym

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator  
Terri Spencer, Director, Procurement

**Date:** July 8, 2022

**To:** Jan Lesher  
County Administrator

**From:** Terri Spencer  
Procurement Director 

**Re:** Contract Renewal Process

At the July 5, 2022 Board of Supervisors Meeting, Supervisor Scott requested information concerning the renewal process for contracts with an annual term plus four one-year renewal options. Pima County Procurement Code 11.25.010 Multi-year Contracts – Authorization states in part:

**11.25.010 Authorization.**

“A. Unless otherwise provided in this title, contracts for the annual requirements of materials or services shall be entered into for an initial term of up to one year with up to four one-year renewals. The contract term and conditions of renewal or extension, if any, shall be included in the solicitation, and monies shall be available for the first fiscal period at the time of contracting...”

Definitions:

- A. Administering Department: The department requesting services as defined by Board policy and responsible for the day-to-day administration of the contract.
- B. Delivery Order: A discrete order in Advantage that constitutes the contractual agreement between the parties with the agreed upon scope of work, schedule and cost for the required services.
- C. Master Agreement (MA): A contract that contains the terms, conditions, requirements, procedures, labor classifications, and hourly rates that may apply to the scope of services contracted via delivery order.

Renewal Determination:

Depending upon the required service, contract (Master Agreement) terms are established at the time of award typically for a one-year period with up to four one-year renewal options. Prior to the end of the initial term, Procurement contacts the Administering Department with a reminder of the MA’s renewal date, the number of remaining renewals, the amount of funds expended in the past year, the current available funds, and requests the following information: 1) would the department like to renew the MA for an additional year? 2) would the department like to add the annual renewal amount, and are any additional funds required to be added to the MA for the next term? and 3) is the vendor performing satisfactorily? Once this information is obtained, Procurement prepares the amendment documents for approval.

Renewal Approval Authority:

Pursuant to BOS Policy D29.4, contract awards in an amount not to exceed \$250,000 or a term of five years may be approved by the Procurement Director (not including Intergovernmental Agreements, grant awards made to the County, and Funding Agreements). Awards in excess of \$250,000 and a term exceeding five years are approved by the Board of Supervisors.

For contract modifications/amendments, the Procurement Director may execute an amendment to any contract approved by the Procurement Director provided the amendment is permitted in the original or amended contract in accordance with the Procurement Director's approval authority referenced above.

The Procurement Director may also approve an amendment to any contract approved by the Board of Supervisors provided the amendment does not alter the scope of the contract or the monetary commitment of the initial or amended Board of Supervisors award, and is limited to term extensions resulting in a maximum contract term of five years as permitted in the original contract.

The Board of Supervisors approve any contract modifications/amendments that exceed the Procurement Director's approval authority.

Breach of Contract:

The Administering Department typically does not wait until time of contract renewal to address matters of non-performance. Instead, Procurement assists the Department in submitting a Notice to Cure to the vendor to remedy any areas of concern within a specified timeframe. If those matters are not resolved to the satisfaction of the Department, the next available renewal option may not be exercised and the contract would be allowed to lapse.

Thank you for the opportunity to explain the Procurement contract renewal process. Please do not hesitate to contact me if we can provide further information.

c: Carmine DeBonis, Deputy County Administrator