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Sole Source Agreement [1]

CU has two types of Sole Source procurements, those that are **excluded** from Procurement Rule under the definition of a Standard Sole Source category and those procurements where there is **only one supplier** who can provide the Good or Service needed by CU (see Procurement Rule Section VI [2]).

For Standard Sole Source procurements, the Procurement Department has determined that it is in the best interest of the University not to bid certain routine purchases. If the purchase is for a category on the Standard Sole Source list, then you do not need to complete the Sole Source section of the Purchase Requisition form in Marketplace.

A regular sole source is a purchase that, to the best of the requestor's knowledge, can only be provided by one supplier. Similar types of goods and services may exist from other suppliers that may not be considered acceptable to CU. These reasons may include, but are not limited to expertise, standardization, quality, compatibility with existing equipment, specifications, and/or availability.

Standard Sole Source Categories

1. The order of reprints or page charges when the supplier holds the copyright for the material.
2. Entertainment services
3. Official Functions to include travel services, conferences services, and catering
4. Advertising or ad placement services
5. Maps that are published by the supplier.
6. Guest lecturer services
7. Films or videotapes for resale that are to be shown to the general public.
8. Films or videotapes from the movie house that is the only distributor of the film or videotape.
9. Books
10. Slides
11. Mailing lists
12. Preceptor services
13. Medical services
14. Leasing real property
15. Payments to entities as the result of an award from a department or other entity, usually to conduct research.
16. Chemicals, biochemicals, radioactive materials, enzymes, typing trays, etc.
17. Journal, magazine or other subscriptions, including the publication of faculty and staff work in a journal or magazine.
18. Category no longer applicable, numbering preserved.
19. Software maintenance and renewals, this includes the right to enhancements and upgrades to the software.
20. Equipment maintenance where the supplier requires the equipment to be maintained by

the manufacturer.
21. Laboratory animals
22. Educational study abroad programs
23. Spaceflight parts
24. Continuing medical education programs
25. Legal services
26. Art pieces
27. Research-based equipment from auction.

Determining if a single or sole source situation exists

The following list of criteria may be used in determining if a single or sole source situation exists:

1. Only one manufacturer makes the item meet salient specifications; that manufacturer only sells direct/exclusively through one regional/national representative.
2. Item required must be identical to equipment already in use by the end user, to ensure compatibility of equipment, and that item is only available from one source; same reasoning applied in the continuation of research situation.
3. Collaborative project- Supplier is named by the funding source, inter-agency agreement or clinical trials where the identical equipment is required for compatibility and continuity of research.
4. Maintenance or repair calls by the original equipment manufacturer (OEM) are required for a piece of equipment, and the manufacturer does not have multiple agents to perform these services.
5. Replacement or spare parts are required from the OEM, and the OEM does not have distributors for those parts.
6. Patented items or copyrighted materials, which are only available from the patent or copyright holder.
7. A medical/surgical decision by a medical/dental professional, where a specific brand is required for patient care, and the manufacturer has no multiple distributors for the product.
8. Unique expertise, background in recognized field of endeavor, the result of which may depend primarily on the individual's invention, imagination, or talent. Consultant has advanced or specialized knowledge, or expertise gained over an extensive period of time in a specialized field of experience.

Note: An item being a “sole brand” or a “sole manufacturer” does not automatically qualify to be a “sole source”. Many manufacturers sell their products through distributors. Therefore, even if a purchase is identified as a valid “sole brand” or “sole manufacturer”, the requester should verify whether the manufacturer has multiple distributors. If the manufacturer does have multiple distributors, competition should be sought among the distributors.

If your purchase qualifies as a standard sole source, you will select the applicable standard sole source category on the Purchase Requisition form in Marketplace and you will not be prompted to answer the sole source questions. However, if you believe you have a sole source procurement that does not fit into a Standard Sole Source category above, you must complete the Sole Source questions in Marketplace - this may additionally be completed via the Sole Source Justification [3] form and attached when placing the order in Marketplace.

Price Cost Analysis

WHAT IS PRICE COST ANALYSIS?

The purchasing agents at the Procurement Service Center strive to get the best value for each procurement. Typically, the way this is done is by attaining competition. When there is no competition, the purchasing agent must still ensure that the price the University is paying is fair and reasonable. This is done by completing a Price Cost Analysis Checklist.

WHY DO WE PERFORM PRICE COST ANALYSIS?

The purchasing agent performs Price Cost Analysis to ensure that the University is getting the best deal possible in instances where no competition has been received. Additionally, University of Colorado Procurement Rules mandate that we perform Price Cost Analysis under certain conditions.

WHEN DO WE PERFORM PRICE COST ANALYSIS?

Price Cost Analysis is done when no competition is received. Typically, this occurs when a procurement is sole source justified or when we solicit competition but receive only one response.

HOW DOES THE PURCHASING AGENT PERFORM PRICE COST ANALYSIS?

There are a few criteria the purchasing agent can use to prove that the price the University is paying is fair and reasonable. They are:

- Are we receiving some type of discount (i.e., educational, governmental, etc.)? Is the discount because a State or University Price Agreement is being used?
- Are we being charged the same as another customer would be charged?
- Is our price a catalog or list price?
- How does the current price compare to a price paid in the past for the same or similar goods or services?
- If the item we're buying is custom-built, does the cost breakdown from the vendor show our price is fair and reasonable?

WHAT CAN YOU, THE DEPARTMENT, DO TO ASSIST YOUR PURCHASING AGENT WITH PRICE COST ANALYSIS?

In accordance with the methods listed above, the following table shows what you can do to assist your purchasing agent:

METHOD USED	WHAT THE PURCHASING AGENT NEEDS

Are we receiving some type of discount (i.e., educational, governmental, etc.)? Is the discount because a State or University Price Agreement is being used?	Copy of quote from the vendor showing where a discount is applied OR Statement from vendor regarding the amount of the discount we are receiving OR State or University Price Agreement reference number
Are we being charged the same as another customer would be charged?	Proof from another customer of what they paid for the same or similar item OR Statement from vendor that the University is being charged the same as another customer, preferably with the other customer listed
Is our price a catalog or list price?	A copy of quote from the vendor stating that we are paying list price OR Statement from the vendor that we are paying catalog or list price OR Copy of catalog (could be from website) showing catalog or list price
How does the current price compare to a price paid in the past for the same or similar goods or services?	Reference to a previous Purchase Order or Standing Purchase Order where same or similar good or service was purchased OR Copy of previous invoice(s) where same or similar good or service was purchased
If the item we're buying is custom-built, does the cost breakdown from the vendor show our price is fair and reasonable?	Cost Breakdown from vendor, including labor (hours and hourly rates), materials, overhead, G&A, and profit AND How this compares to their charges to other customers

WHAT IF THE PURCHASING AGENT FINDS THAT THE PRICE IS NOT FAIR AND REASONABLE?

If, after analysis, the purchasing agent does not feel the price to be paid is fair and reasonable, he/she will do one of two things: (1) Seek competition, or (2) Negotiate with the vendor to lower the price.

Resources

- Purchase Order Terms and Conditions [4]
- Small Business Program [5]
- Commodity Listing [6]

Related Articles

- CU Marketplace: Purchase Requisition [7]
- CU Marketplace: Creating and Using Favorite Marketplace Forms [8]
- CU Marketplace: Small-Dollar Contract Request Form [9]

SEARCH ALL ARTICLES [10]

Policies and Procedures

- Advance Payment to Suppliers [11]
- After-the-Fact Purchases [12]
- Payment Voucher/Authorization [13]
- Procurement Rules [14]

VIEW ALL PROCEDURES [15]

Groups audience:
Procurement Service Center

Source URL:https://www.cu.edu/psc/sole-source-agreement

Links
[1] https://www.cu.edu/psc/sole-source-agreement [2] https://www.cu.edu/psc/policies/procurement-rules
[3] https://www.cu.edu/doc/sole-source-justification-form-101824docx-1
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[7] https://pschelp.cu.edu/s/article/CU-Marketplace-Purchase-Requisition
[8] https://pschelp.cu.edu/s/article/CU-Marketplace-Creating-and-Using-Favorite-Marketplace-Forms
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