

Memorandum

Florida Department of Environmental Protection

TO: Division/District/Office Directors

FROM: Rufus Noble, Director
Division of Administrative Services

DATE: February 3, 2009

SUBJECT: Senate Bill 44-A, Section 1 - Reduction of Contract Payments

During the special session of the Legislature, Senate Bill 44-A was passed and Governor Crist signed it into law on January 27, 2009 (Chapter 2009-15, Laws of Florida, a copy of which is provided as **Exhibit 1**). This action was taken in an effort to achieve savings and reduce the costs of government. Chapter 2009-15, Section 1 provides the following:

“Notwithstanding any provision of law to the contrary, each state agency shall review existing and proposed contracts with private providers and public-private providers in an effort to reduce contract payments. It is the statewide goal to achieve substantial savings; however, it is the intent of the Legislature that the level and quality of services not be affected. Each agency may renegotiate contracts consistent with this section. The Legislature intends that its substantive and fiscal committees will review the results of this effort and the effectiveness of each agency in meeting the goal. This section expires July 1, 2009.”

The Procurement Section has compiled a list of contracts (see **Exhibit 2**), active and pending, with private providers requiring review and response. The list is provided in an Excel workbook that includes tabbed worksheets by Division/District/Office for ease of review. **[Each Division/District/Office Director along with the identified Department Contract Manager (or successor) is responsible for reviewing the contracts under their areas of responsibility that appear on this list to identify opportunities that may exist to achieve savings, without affecting the level and quality of services provided.]** This review should not be limited to only cost or fees contained within a contract, but should consider possible approaches that would prove more cost-effective than that described in the contract while providing the same level and quality of services.

The Department will be responsible for reporting our efforts and effectiveness to the Legislature’s substantive and fiscal committees during the upcoming Legislative session. To enable the Department to complete this task, the steps below should be followed and the Contract Review and Renegotiation Summary Form (provided as **Exhibit 3** of this memo) completed for each contract appearing on the attached list. The completed forms, and appropriate documentation, should be forwarded to Ruth Heggen, Procurement Administrator, no later than Thursday, March 12th. We ask that you forward this information at the completion of each contract review, rather than holding them until all contract reviews have been completed.

- Review each contract on the list to determine if they afford an opportunity for renegotiation.
- For contracts that are reviewed and determined not to afford an opportunity for renegotiation, documentation supporting the Department's review and the basis for this decision must be provided on **Exhibit 3**.
- For contracts where an opportunity for renegotiation exists, communicate in writing with the contractor, requesting the vendor to identify opportunities to achieve savings, without affecting the level and quality of services provided. Inform the vendor of the Department's intention to renegotiate the contract, establishing a date by which the contractor must submit a written response to the Department's correspondence and a date desired for scheduling the renegotiation. To assist program representatives in notifying contractors regarding this effort, **Exhibit 4** provides a sample letter that can be used to initiate the contract review/renegotiation.
- If, after communications with the contractor, it is determined that there is not an opportunity for renegotiation, documentation supporting the Department's efforts and the basis for this decision must be provided on **Exhibit 3**.
- For contracts where renegotiations are appropriate, complete the renegotiations and initiate the necessary paperwork for the Procurement Section to amend the contract to document the contract changes needed to address the savings. Document the results of this effort utilizing **Exhibit 3**. Provide documentation supporting the correspondence between the Department and the Contractor and the outcome of the renegotiations.

If you feel that any of the information provided on the contract spreadsheet is in error or needs modification, please contact Ruth Heggen at 850/245-2352 or email Ruth.Heggen@dep.state.fl.us. Your assistance in supplying the requested information by March 12th is appreciated.

RN/gg

Attachments: Exhibit 1 - Chapter 2009-15, Laws of Florida
Exhibit 2 - List of Contracts (as of January 30, 2009)
Exhibit 3 - Contract Review and Renegotiation Summary Form
Exhibit 4 - Sample Letter