

State of Colorado



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April 30, 2013

House Committee on Business, Labor,
Economic, and Workforce Development
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Senate Business, Labor and Technology
Committee
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Dear Ms. Williams and Ms. Tochtrop:

This report is submitted pursuant to CRS 24-102-205(7)(b) directing the Department of Personnel & Administration (DPA) to deliver information on personal services contracts, contained in Colorado's Contract Management System (CMS), to DPA's standing legislative committees of reference in each house of the general assembly. This is our third annual report.

Background

The General Assembly of the State of Colorado passed Senate Bill 07-228, now codified as CRS §§ 24-102-205, 24-102-206, 24-103-601, 24-103.5-101, and 24-105-102, mandating implementation of a statewide-centralized system to improve tracking and management of state contracts and achieve greater public transparency. Over the past year (2012), the Contract Management System (CMS) did not undergo any significant upgrades or modifications by either the Governor's Office of Information Technology (OIT) or the vendor.

Reporting Highlights

This year's submittal includes two new Tables (1-1 and 2-1) illustrating trends in Colorado contracting. These tables reference each of the Exhibits and provide a snapshot of contract trends

since implementation of the CMS in July of 2009. In general, trends appear to represent a relatively steady state in personal services contracts and dollars spent.

1. CMS Records as of December 31, 2012

- a. CMS had 40,341 records for 25 State agencies and institutions of higher education since the inception of the system in July 2009.
- b. Of this amount, 33,974 records are for non-personal services contracts under \$100,000, including 11,668 modifications (amendments), 8,470 personal services contracts under \$100,000, 6,990 purchase orders under \$100,000, 3,205 non-personal services contracts, 2,827 master task order contracts, and 813 records for institutions of higher education. Institutions of higher education are not required to include their contract records in CMS.
- c. The remaining 6,367 records are personal services contracts over \$100,000, defined by the Office of the Attorney General (OAG) to include: grants, information technology contracts, task orders, interagency agreements, intergovernmental agreements, construction, professional, and purchased services agreements (reportable personal services contracts).
- d. Given that only 6,367 of 40,341 records, or 15.8% of CMS records, are required to be included per legislation, it is apparent that State agencies are using CMS for overall contract tracking and management, and not merely for statutory compliance.
- e. This report is based on CMS records as of December 31, 2012 with a report run date of April 30, 2013.

2. Personal Services Contracts

- a. The 6,367 personal services contracts entered into since July 2009 (cumulative amount) have a total value of \$10.3 billion, including amounts added through contract modifications. During calendar year 2012, agencies entered into 1,456 reportable personal services contracts with a total value of \$2.1 billion.
- b. Of the cumulative amount, three Colorado departments (Transportation, Human Services, and Public Health and Environment) account for 61.7% of these contracts and 52.9% of the total value.
- c. Of the cumulative amount, there were 1,073 construction contracts (total value of \$2.2 billion) which account for 16.9% of personal services contracts over \$100,000 and 21.2% of the total value.
- d. See Tables 1-1, 2-1 and Exhibits A1-1, A1-2, A3-1 and A3-2.

3. Vendor Performance Ratings

- a. Agencies rate vendor performance at the completion of the contract, defined as the full life of the contract including extensions. Per statute, evaluation and rating assignment must occur within 30-days of the completion date. Any contracts with a completion date of December 31, 2012 may not have a rating until January 31, 2013 – outside of the January 1, 2012 to December 31, 2012 reporting period.
- b. Agencies rate vendor performance as Below Standard, Standard, and Above Standard.
- c. Of the 6,367 personal services contracts, 2,661 (41.8%) have expired and are rated, while the remaining 3,706 (58.2%) are continuing or are expired and not yet rated.

- d. For the 2,661 personal services contracts that were rated, 2,336 (87.8%) were rated as Standard, 284 (10.7%) Above Standard, and 41 (1.5%) Below Standard
- e. The contracts rated as Below Standard were issued by 9 agencies: the Department of Public Health & Environment (12), the Department of Transportation (21), the Department of Local Affairs (1), the Department of Natural Resources (1), the Department of Human Services (2), and the Division of Homeland Security and Emergency Management (1), Colorado Energy Office (2), Colorado Department of Public Safety (1). The primary reason reported by the agencies for assigning a low rating was failure to complete the project and non-adherence to the tasks assigned in the contract scope of work.
- f. CDOT had 8 contracts with Rocky Mountain Enterprises Inc. that were rated below standard. This vendor went bankrupt in 2012 and did not complete these contracts.
- g. Of the 6,367 personal services contracts, 1,073 are construction contracts. For construction contracts, 358 (33.4%) have expired and are rated, while the remaining 715 (66.6%) are continuing and not yet rated.
- h. For the 358 construction contracts that were rated, 264 (73.7%) were rated as Standard, 87 (24.3%) Above Standard, and 7 (2.0%) Below Standard
- i. See Tables 1-1, 2-1 and Exhibits B1-1, B1-2, B4-1 and B4-2.

4. Sole Source Contracts

- a. Of 1,456 personal services contracts entered into during calendar year 2012, there were 65 sole source contracts or 4.5% of 2012 reportable personal services contracts. The total value of these sole source contracts was \$77.1 million, or 3.7%, of the contract value of all personal services contracts.
- b. Thirteen agencies had sole source contracts.
- c. The Department of Public Health & Environment accounted for 33 sole source contracts (50.8% of the total), representing 16.6% of the sole source contract value. Department of Human Services had 7 sole source contracts (10.8% of the total), representing 31.5% of the contract value and Colorado Department of Education had 2 sole source contracts (3.1% of the total) representing 32.3% of the value.
- d. The total number of sole source contracts contained in CMS since July 1, 2009, is 300; 4.7% of cumulative reportable personal services contracts.
- e. See Tables 1-1, 2-1 and Exhibit C3-1, C3-2, D1-1, and D3-1.

5. Solicitation/Selection Method

- a. Of the 6,367 personal services contracts, 15 different solicitation/selection methods were used to classify 4,905 personal services contracts and 1,462 were not identified by solicitation/selection method. The most common solicitation/selection methods were grant specific (1,160 contracts or 23.6% of the total classified), Invitation for Bid (836 contracts or 17.0% of the total classified), and Request for Proposals (751 contracts or 15.3% of the total classified).
- b. See Exhibits D1-1 and D3-1.

6. Work Performance Location

- a. Of the 6,367 personal services contracts, 26 were awarded to contractors who are performing some or all of the work outside of Colorado.

- b. These 26 contracts were awarded by 7 agencies as follows: Department of Transportation (14), Department of Human Services (4), Department of Public Health & Environment (2), Department of Regulatory Agencies (2), Department of State (2), Department of Labor & Employment (1), and Office of Economic Development and Trade (1).
 - c. Three of the CDOT contracts were awarded to contractors who are performing some of the work outside the United States. All are for remote project management and/or information technology assistance. One OEDIT contract was awarded to a contractor who is performing management assistance work outside the United States. All four of these contracts were awarded in 2011.
 - d. See Exhibits E1-1 and E3-1
7. **Public Website** – On the Public Website, any member of the public can search for contracts by State agency, vendor, contract date, contract amount, vendor selection method, number of State positions created, location where the work was performed, and/or vendor performance rating. See <http://contractsweb.state.co.us/> Information is posted automatically onto the public website when certain conditions are met: 1) the total dollar amount exceeds \$100,000; 2) 30-days have passed from the entered performance start date; and 3) the contract type selected is either, personal services, construction, or intergovernmental. To date, 5,418 of the 6,367 records are available on the public website. The difference of 1,114 includes 735 contracts that had a start date prior to July 1, 2009 because agencies had subsequent amendments to these contracts and entered the original contract in CMS. These contracts are outside the scope of the legislative period and will not be included on the public website. The remaining 375 contracts were entered into during December 2012 and eventually will be on the public website. During 2012, 3,465 people visited the site, with 53.8% directed by search engines such as Google, 22.3% were viewed as direct traffic (visitor typed in the CMS website address) and 23.9% directed through other referring websites (such as the State's transparency website).

Now entering into its fourth year as Colorado's first and only agency-wide Contract Management System, CMS continues to achieve a high level of success. This success has been possible due to the support of all the State agencies, the Governor's Office of Information Technology and the Office of Contract Administration in the Office of the State Controller. Questions concerning this report should be directed to my office.

Sincerely,



David J. McDermott, CPA
Colorado State Controller

Attachments

Tables 1-1 and 2-1
List of Exhibits

Table 1-1

Colorado Contracts Statistics at a Glance

Exhibit Reference	TABLE 1-1	2009	2010	2011	2012	Total
A1	Total CSM Records in given calendar year.	8174	10689	10663	10815	40341
A3	Total Personal Services Contracts greater than \$100,000 executed in given calendar year.	1899	1668	1344	1456	6367
A3	Total Construction Contracts greater than \$100,000 executed in given calendar year.	210	284	322	257	1073
B3	Total Number of Personal Services contracts that both Expired and were rated in given calendar year.	58	757	932	914	2661
B3	Total Rated Above Standard	7	96	120	61	284
B3	Total Rated Standard	51	640	797	848	2336
B3	Total Rated Below Standard	0	21	15	5	41
B4	Total Number of Capital Construction contracts that both Expired and were rated in given calendar year.	4	101	139	114	358
B4	Total Rated Above Standard	1	24	37	25	87
B4	Total Rated Standard	3	76	97	88	264
B4	Total Rated Below Standard	0	1	5	1	7
C3	Total Number of Sole Source Contracts executed in given calendar year.	103	67	65	65	300
C3	Sole Source contract percentage of total number of contracts.	5.42	4.02	4.84	4.46	4.71
D3	Number of different Solicitation Types used during given calendar year.	14	14	14	16	16
E3	Total number of Personal Services contracts having some work performed outside of Colorado in any given year.	13	6	6	1	26
E3	Total number of Personal Services contracts having some work performed outside of the US in any given year.	0	0	4	0	4

⁽¹⁾ Implementation of CMS on July 1, 2009 was in compliance with the statutory provisions noted herein. Many of the contracts held by State agencies as of that date were later amended or extended and some were Master agreements with individual task orders issued under their broad provisions. To facilitate a more complete contract history and complete information related to a contractor and its performance, many agencies elected to create a CMS record for the original agreement which was effective prior to the July 1, 2009 date. The past two years of data included these contracts as well, despite not being required under statute to be included in these legislative documents, as they are a part of the complete package leading up to vendor evaluation and rating.

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Table 2-1

Colorado Contracts Statistics at a Glance

Exhibit Reference	TABLE 2-1	2009	2010	2011	2012	Total
A3	Total \$ Amount of Personal Services Contracts greater than \$100,000 executed in given calendar year.	\$ 4,176,322,657.94	\$ 2,260,627,466.35	\$ 1,733,406,597.62	\$ 2,098,764,608.03	\$ 10,269,121,329.94
A3	Total \$ Amount of Construction Contracts greater than \$100,000 executed in given calendar year.	\$ 296,617,725.54	\$ 502,976,767.05	\$ 582,979,685.74	\$ 790,354,828.49	\$ 2,172,929,006.82
B3	Total \$ Amount of Personal Services contracts that both Expired and were rated in given calendar year.	\$ 131,904,116.50	\$ 693,011,185.66	\$ 1,352,971,158.18	\$ 1,094,602,835.46	\$ 3,272,489,295.80
B3	Total \$ Amount Rated Above Standard	\$ 3,468,167.45	\$ 85,651,136.71	\$ 162,750,865.41	\$ 82,294,206.96	\$ 334,164,376.53
B3	Total \$ Amount Rated Standard	\$ 128,435,949.05	\$ 595,622,042.89	\$ 1,180,089,453.28	\$ 1,008,938,590.81	\$ 2,913,086,036.03
B3	Total \$ Amount Rated Below Standard	\$ -	\$ 11,738,006.06	\$ 10,130,839.49	\$ 3,370,037.69	\$ 25,238,883.24
B4	Total \$ Amount of Capital Construction contracts that both Expired and were rated in given calendar year.	\$ 4,766,902.69	\$ 254,461,968.53	\$ 386,504,500.57	\$ 339,277,173.59	\$ 985,010,545.38
B4	Total \$ Amount Rated Above Standard	\$ 533,159.95	\$ 55,642,295.54	\$ 126,360,329.84	\$ 60,981,070.58	\$ 243,516,855.91
B4	Total \$ Amount Rated Standard	\$ 4,233,742.74	\$ 195,666,737.44	\$ 252,265,478.12	\$ 277,038,410.01	\$ 729,204,368.31
B4	Total \$ Amount Rated Below Standard	\$ -	\$ 3,152,935.55	\$ 7,878,692.61	\$ 1,257,693.00	\$ 12,289,321.16
C3	Total \$ Amount of Sole Source Contracts executed in given calendar year.	\$ 160,508,419.30	\$ 55,906,979.79	\$ 37,555,788.53	\$ 77,056,968.07	\$ 331,028,155.69
E3	Total \$ Amount of Personal Services contracts having some work performed outside of Colorado in any given year.	\$ 19,300,948.56	\$ 2,579,940.39	\$ 3,999,900.00	\$ 188,069.56	\$ 26,068,858.51
E3	Total \$ Amount of Personal Services contracts having some work performed outside of the US in any given year.	\$ -	\$ -	\$ 891,197.00	\$ -	\$ 891,197.00

⁽¹⁾ Implementation of CMS on July 1, 2009 was in compliance with the statutory provisions noted herein. Many of the contracts held by State agencies as of that date were later amended or extended and some were Master agreements with individual task orders issued under their broad provisions. To facilitate a more complete contract history and complete information related to a contractor and its performance, many agencies elected to create a CMS record for the original agreement which was effective prior to the July 1, 2009 date. The past two years of data included these contracts as well, despite not being required under statute to be included in these legislative documents, as they are a part of the complete package leading up to vendor evaluation and rating.

List of Exhibits

Exhibit A1-1: Colorado Personal Services Contracts

Exhibit A1-2: Overall Department Summary of Personal Services Contracts

Exhibit A3-1: 2012 Colorado Personal Services Contracts entered into during calendar year 2012

Exhibit A3-2: Overall Department Summary Colorado Personal Services Contracts entered into during calendar year 2012

Exhibit B1-1: Vendor Performance Ratings

Exhibit B1-2: Overall Department Summary of Vendor Performance Ratings

Exhibit B3-1: Records in CMS for contracts that Expired and were rated between January 1, 2012 and December 31, 2012

Exhibit B3-2: Overall Department Summary of Records in CMS for contracts that Expired and were rated between January 1, 2012 and December 31, 2012

Exhibit B4-1: Records in CMS for Capital Construction contracts that Expired and were rated between January 1, 2012 and December 31, 2012

Exhibit B4-2: Overall Department Summary of Records in CMS for Capital Construction contracts that Expired and were rated between January 1, 2012 and December 31, 2012

Exhibit C3-1: Sole Source Contracts

Exhibit C3-2: Overall Department Summary of Sole Source Contracts

Exhibit D1-1: Solicitation/Selection Types Used

Exhibit D3-1: Solicitation/Selection Types Used for contracts entered into anytime between January 1, 2012 and December 31, 2012

Exhibit E1-1: Work Performance Location

Exhibit E3-1: Work Performance Location for contracts entered into anytime between January 1, 2012 and December 31, 2012

Explanation of Exhibits and Exhibits

These are included on the Office of the State Controller's website due to the length of these documents:

http://www.colorado.gov/dpa/dfp/sco/contracts/CMS_Reports/2010%20Report%20Data%20March%201,%202011/CMS_Reports.htm