Guidance for Completing the Sole Source Request Form

The following are guidelines to assist RIT employees in completing the Sole Source Request form. The key to completing a Sole Source form is to keep in mind **"Why is this the *only* supplier that can provide this particular product/service, and why can no other supplier provide this product/service?"**

Section A: Sole Source

- **Sole/Single Source**
  The supplier selected is the **only** source that can supply your good/service. You **must** explain why and what efforts were made to seek other sources.
  - ✓ Does your independent research corroborate that this item is only available from a single source?
  - ✓ Does your request demonstrate the uniqueness of goods/services to be procured from the proposed supplier?
  - ✓ Does your attached documentation demonstrate/support how you determined that the good/service is only available from a single source?
- **Emergency**
  The emergency must be public and imperative. The Sole Source Form is **not** a substitute for poor planning. You must explain what the emergency is and why it is urgent.
  - ✓ Is there a natural disaster or catastrophic event resulting in an immediate health or safety concern?
  - ✓ Has there been a declared state of emergency in which these goods and services will be needed?
  - ✓ Can it wait and if not why?
- **Inadequate Competition**
  - ✓ Does your request describe the efforts to competitively contract for this good/service? (i.e. Were RFP's conducted and what were the responses? How were potential suppliers identified?)
  - ✓ Does your request describe efforts to ensure fair and reasonable pricing in the contract? (see Section B for more information)

Acceptable Sole Source Examples:

- **Exclusive Rights** – The good/service is under patent, copyright, or exclusive territory held by a single supplier
- **Exclusive Design** – The good/service possesses a unique feature or capability critical in the use of the good/service and is not available from any other source
- **Unique Expertise** – Individual/Company possesses a unique knowledge and expertise based on education, training or research
- **Replacement Equipment/Accessories**– The purchase is for equipment/accessories associated with the use of existing equipment where compatibility is essential for integrity of results
- **Continuation of Prior Work** – Additional good/service is required, but was not known to have been needed when the original order was placed and it is not feasible/practical to contract separately for the additional work.
- **Public Emergency** – The emergency that requires the purchase will not permit a delay resulting from competitive solicitation. The emergency exists whenever the time required for proper procedure would endanger life or property.

Unacceptable Sole Source Examples:

- **Lack of planning** – An urgent or unexpected circumstance/requirement that is not life threatening. *Example: We could not get our request in last week but we need this ASAP. It is an emergency*
- **Convenience** – *Example: This supplier is close to RIT and it would be easy to order and have them take care of our order.*
- **Personal preference** with a single supplier. – *Example: I really like and want to use Johnston Paper for the purchase of this item. They always give me a great price and great customer service.*
- **Price alone** - *Example: I found a good/service at this supplier that is almost 25% cheaper than any other supplier.*
- **Location based** – *Example: - My supplier is the only supplier in Rochester.*

Section B: Cost/Price Analysis

What is a Price Analysis?

A Price Analysis is a process of determining if the price for a good/service is **fair and reasonable**, without examining specific cost/profit calculations that the supplier may have used in determining their price. You are comparing the price given with known indicators of reasonableness.

The following are some commonly used methods to complete price analysis:

- **Market/Catalog Price/Comparison to Similar Items**
  Quoted price compares favorably to other suppliers' published pricing for same or similar item(s).
  These prices must be current and available to the general public. Documentation must include the quote from the supplier along with other suppliers' catalogs/public pricing.
- **Historical Pricing**
  Quoted price compares favorably to previous price paid for same or similar item(s).
  Good/Service was purchased within the past year. Previous PO # and quoted price must both be attached for validation and prior purchase must have had an adequate and acceptable determination of price reasonableness.
- **Negotiated Discount**
  Quoted price incorporates negotiated discounts not available to the general public.
  Examples include University wide pricing, negotiated pricing, GPO's, NYS contract pricing**.** The contract number must be referenced on documentation.
- **Sale of Same item to others**
  If the supplier has sold the same item to others recently, the price can be determined reasonable by verifying with those other purchasers. A copy of another customer's invoice should be provided for documentation.

What is a Cost Analysis?

Cost Analysis is a breakdown and examination of the elements that make up the price. Those elements can be direct costs (direct labor, materials, subcontracts, facilities capital, etc.), indirect costs (indirect labor, overhead, etc.) and profit. Cost Analysis **is required** when price analysis does not yield a fair/reasonable price if the value is >$150K and should be compared to an **Independent Cost Estimate** (an estimate prepared by someone not participating in the pricing process. i.e. appraiser, engineer, purchasing staff or departmental business manager).

- Verify the accuracy and evaluate the cost analysis received by:
  - The reasonableness of the proposed costs, including contingencies. To be considered reasonable, the proposed costs must be:
    Allowable **–** Is this type of cost allowed?
    Allocable – The costs are logically related/required in the performance of the award.
    Reasonable **–** What a practical business person would pay in a competitive market. Sometimes costs can be allowable and allocable but **not** reasonable. *i.e. renting a Ferrari versus a standard car for transportation or taking first class versus coach*
  - The necessity for proposed cost items.
  - The projection of supplier cost trends. Is there an indication that their costs will change over time?

Cost Analysis Example

Material	$20,000
Material Markup (10%)	$2,000
Labor (1,000 hours X $80/hour)	$80,000
Labor OH (125%)	$100,000
Other Costs	$10,000
(i.e. travel, special tooling, transportation, etcetera)	
Sub Total Cost	$212,000
General & Administrative (3% of Sub-Total)	$6,360
Total	$218,360
Profit (15%)	$32,754
Total Contract Price	$251,114