

PROPOSED RULE AMENDMENT

The Procurement Policy Board (PPB) intends to promulgate amendments to § 3-11, **Demonstration Projects For Innovative Products, Approaches, or Technologies**, and to § 4-02, **Contract Changes**, of chapter 3 of Title 9 of the Rules of the City of New York, pursuant to Sections 311 and 1043 of the New York City Charter.

Basis and Purpose of the Amendment

The proposed amendment extends the standard length of the initial term of a demonstration project procurement from one year to three years, with provisions for longer initial terms when necessary to conduct the demonstration and evaluate its effectiveness, and for contract extensions of up to two years, with CCPO approval. The proposed amendment will facilitate appropriate evaluation of demonstration projects, with provision for continued services during the time necessary to conduct a solicitation for such services if the demonstration is successful.

The Amended Rule

In the amendment, which immediately follows this notice, new material is underlined and deletions are bracketed.

Jose Maldonado, Chair

Section 1. Subdivision (d) of section 3-11 of Title 9 of the Rules of the City of New York is amended as follows:

Section 3-11 DEMONSTRATION PROJECTS FOR INNOVATIVE PRODUCTS, APPROACHES, OR TECHNOLOGIES.

* * *

(d) Contract Term. The initial term of a contract [Contracts] for a demonstration project should be for a term that is reasonable both to conduct the demonstration and to determine its effectiveness, and [projects ordinarily] shall not exceed [one year] three years. [In order to enter into a multi-term contract, the] The ACCO shall make a determination setting forth with specificity[:

(1) why the effectiveness of the product, approach, or technology cannot be evaluated within one year, and

(2) how the proposed term of the contract was determined. In making such determination, the ACCO may consider whether it would be in the City's best interest to ensure that no break in the provision of services occurs at the end of the demonstration project, if successful. If the ACCO makes such a determination, the ACCO should establish an initial term that, although no longer than three years, is long enough to allow for the subsequent solicitation

of those services at the conclusion of the project's evaluation. In the event that a longer period is needed to allow for continuity of services and/or to evaluate the demonstration, the agency may extend the contract for an additional period of up to two years with CCPO approval.

Section 2. Subparagraph (iv) of paragraph (1) of subdivision (b) of section 4-02 of Title 9 of the Rules of the City of New York is amended as follows, and subparagraphs (iv), (v) and (vi) of such paragraph are renumbered subparagraphs (v), (vi) and (vii), respectively.

Section 4-02 CONTRACT CHANGES.

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(b) Types of Changes Permitted.

(1) Changes may include any one or more of the following:

(i) specification changes to account for design errors or omissions;

(ii) changes in contract amount due to authorized additional or omitted work. Any such changes require appropriate price and cost analysis to determine reasonableness. In addition, except for non-construction requirements contracts, all changes that cumulatively exceed the greater of ten percent of the original contract amount or \$100,000 shall be approved by the CCPO;

(iii) extensions of a contract term for good and sufficient cause for a cumulative period not to exceed one year from the date of expiration of the current contract. Requirements contracts shall be subject to this limitation;

(iv) extensions of a contract term pursuant to Section 3-11(d) of these Rules;

(v[iv]) changes in delivery location;

(vi[v]) changes in shipment method; and

(vii[vi]) any other change not inconsistent with this section.