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ESCALATOR CLAUSES		Submitted By:	Purchasing Division
		Approved By:	Purchasing Agent
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Policy

Any award containing an “escalator” provision requires the approval of the Purchasing Agent.

Escalator

An escalator clause is a price increase qualification submitted by bidders/vendors in an unstable and volatile product market, or when a contract is for an extended period of time and the vendors are unable to obtain protected pricing from the manufacturers.

Procedure

The Purchasing Agent may accept an escalator clause submitted by the bidder into consideration in the evaluation.

The Purchasing Agent may accept an escalator clause when it is deemed in the County’s best interest to do so. The bidder/vendor must accept the following conditions which will be incorporated into the purchase order or agreement:

1. The Purchasing Agent shall have a minimum of 7 days advanced written notice prior to implementation of an increase in cost. The vendor must identify the agreement by number. During this period, the County may place orders at the previous or original price(s).
2. Price increases must be limited to actual increase incurred by the vendor and must be documented reflecting vendor’s cost increase. Past and present invoices are acceptable documentation as well as manufacturer’s published price list past and present, or such other valid evidence deemed appropriate by the County.
3. If a properly documented increase is not acceptable, the County reserves the right to cancel the items involved.
4. If the vendor is unable to produce satisfactory evidence of price increase, the agreement prices will remain unchanged, and the vendor is obligated to furnish our requirements at the original prices.
5. If prices should decrease, the vendor will extend lower prices to County immediately.

Other considerations

It is usually preferred to obtain reasonable, firm prices when available. The agreement will be easier to maintain and will simplify purchasing by department.

Staying away from extremely long term contracts will minimize the number of escalator clauses quoted by the bidders.