Replacement of Agreements

Improving processes as a system operating as one
What?

• Changing the way AES units do business with *external* customers
• Replacing the old PTFUA and Farm Service Agreements that have been used in the past with external customers
• Agreement templates
  • *Research Agreement*: collaborating on research
  • *Testing and Facility Use Agreement*: performing service provision using AES land, equipment, or labor but NOT engaging in research for the customer
• Does not apply to *internal* employees (PIs)
Why?

- AES units are using inconsistent methods and documents with external customers.
- Some units are/have operated without any agreements.
- Old documents do NOT provide adequate protections
  - Invoicing and collections
  - Insurance and liability protection for the UA
  - Removal of customer-owned property at end of projects
  - UA Procurement and CRSP will no longer institutionally sign the old agreement(s)
Why? continued

- Units have experienced problems
  - Delinquent payments of ~$500,000 that we know of
  - Abandonment of customer-owned assets without clear ownership
  - Inability to legally pursue customers – no agreements or insufficient agreements

- No systemic process for pursuing delinquent payments – each unit has created its own approach

- **Integrated Approach**: agreements, debt collection, and rate studies are all integrated with each other
New Agreements

Use new agreements when:

• Working with *external* customer
• Collaborating on research activities
• Any combination of services, facilities, or labor over some period of time
  • NOT performing simple sales (i.e. list of established services and prices, when customer accepts invoice in lieu of a contract)
Definition: External Customer

• External to UA – customer is not an employee of the UA
• Paying by check, credit card, or cash
• If payment is assessed the 9.5% administrative service charge by the University, customer is an external customer
Definition: Combination of Activities

Example:
- Yuma Ag Center works with a company from California
- The company pays YAC to:
  - Plant new variety of crop in the field and in the greenhouse, harvest it in a specific way, process the crop
  - Use the microbiology lab to examine differences between field and greenhouse plants
  - YAC staff to collect data
  - Customer is locating a DNA sequencing machine at the lab
- Combination of activities and use of facilities, labor, and land
- Each project is *unique*, not a la carte
- **USE TFUA AGREEMENT**
Definition: Simple Sales Activity

Example:

• Vet Diagnostic Lab has a set price and menu of service offerings that customers can choose from

• Each activity is standard industrywide

• No intellectual property is expected to be generated from performing these standard menu offerings

• A standard and set fee for the service is charged
  • Services and prices are listed on a website or price list

• **DO NOT USE THE NEW AGREEMENTS** – use an invoice that includes terms of payment, unless customer requires a contract
When to Use Which Agreement?

Research Agreement (intellectual partners)

• Intellectual property (IP) required to design experiments and analyze results
• Purpose is to collaborate with the UA (use UA expertise) to learn something new
• UA employee(s) are collaborating in research
• UA employee(s) are involved in data analysis

Testing & Facility Use Agreement

• Using AES land, facilities, and/or labor
• Purpose is for company to do its own testing, field trials & analysis
• UA executing a standard protocol
• Activities are standard/not novel
• UA employee(s) may be engaged in data collection but NOT analysis
When NOT to Use Either Agreement?

• **Lease:** Customer solely wants to rent/lease UA property (land or buildings)
  - No UA involvement beyond leasing property
  - Work with Business Services and Real Estate Administration on a lease

• **When in Doubt:** Contact us – (e.g. drone flyovers in our airspace, CASE IH equipment loan, sponsored product testing events, etc.)
Processing of Agreements
Delinquent Payments & Collections
Collecting on Payments

• Business officers (BO) should review and pursue collections monthly at minimum

• Aged Accounts Receivable, progressive collections activities:
  • 30 Day Letter
  • 60 Day Letter with threat of disbarment from AES
  • 90 Day Letter with disbarment from AES until repayment in full

• BO should NOT send 90 day letter without receiving authorization from your representative on the AES Leadership Committee AND Jeffrey Ratje or Belinda Oden
Delinquent Customer List

• Business Services will maintain a list for AES of all delinquent customers
• AES units are prohibited from conducting new business with these customers (company and principle(s) of the company) until all payments are brought current and removed from list
• AES unit leaders must review this list PRIOR to doing work with a new customer they have not dealt with before
• Contact Mary Carroll at (520) 621-7195 for a current list. All updates to this list should be shared with Mary.
Status of Disposal Completion

• Arboretum, 100%
• Maricopa Ag Center, 20%
• Tucson Area Ag Centers, 30%
• Yuma Ag Center, 35%
• Safford Ag Center, 0%
• Vet Diagnostic Lab, N/A
• V Bar V Ranch, 0% site visit scheduled Sept 28
Disposal Progress to Date

• 145,000+ pounds of scrap metal
• 12 Humvees
• 2 trailers
• 40 miscellaneous items including trucks, ovens, forklifts, tractors, etc.
• Mobile home
Target Date for Acquisition Requests

Best Guess

• Best case – July 1, 2017
• Worst case – December 31, 2017

USDA will approve CRITICAL acquisitions on a case-by-case basis as approved by Jeffrey Ratje.
Long Term Goals

• Physical inventory required every two years
  • Due October 2016 – Madge will be coordinating with property custodians soon
• Training and ethics involving FEPP for property custodians and screeners
• Develop scientific equipment program with academic units – outreach efforts
• Develop and implement barcoding system for FEPP physical inventory including improved equipment identification system
ARBORETUM—MILITARY VEHICLE
MARICOPA AGRICULTURAL CENTER—STEEL PIPE
MAC – SITE AFTER REMOVAL OF STEEL PIPE
TUCSON AREA AGRICULTURAL CENTERS
TUCSON AREA AGRICULTURAL CENTERS—
STEEL PIPE-PENDING
YUMA AGRICULTURAL CENTER – MOBILE HOME FOR DESTRUCTION
YUMA AG CENTER – AFTER MOBILE HOME DESTRUCTION
DISPOSAL OF HUMVEES
Contacts

• Sponsored Research
  • Sangita Pawar, (520) 626-3408
    sangita@email.Arizona.edu

• Agreement Negotiation & Signing
  • Steve Harsy, (520) 626-4602
    harsy@email.Arizona.edu

• AES Administrative Support & Coordination
  • Jennifer Gardner Smith, (520) 621-7201
    jsmith@ag.Arizona.edu

• Federal Excess Property
  • Madge Mock, (520) 621-1921
    mmock@email.Arizona.edu

• Delinquent Collections, Leases, Questions with Agreements
  • Jeffrey Ratje, (520) 621-1468
    jmratje@email.Arizona.edu
  • Belinda Oden, (520) 626-8353
    belindaoden@email.Arizona.edu