

Office of Business and Financial Services Purchasing Division

How to Develop Revenue Generating Activity Contracts



Objectives

- Provide an overview of the OBFS policies and procedures for developing contracts for revenue generating activities
- How to develop a Revenue Generating Activities (RGA) Contract for Professional and General Services
- Processing an RGA Contract



What is an RGA?

- A revenue generating activities contract (RGA) is a contract between the University on behalf of a department providing services or access to University facilities for which payment will be received from an outside entity (Client).
- Pursuant to the General Rules Concerning University Organization and Procedure and the By-Laws only the Comptroller of the University has the authority execute and obligate the University to contracts.



Types of Revenue Contracts

Typical revenue generating activities:

- Professional services
- General services
- Outsourced services, including franchising operations;
- Entertainment and other events held on University premises;
- Sponsorships; and
- Leases or rentals of University property.



Types of Revenue Contracts

- Two templates are available for download from the OBFS Website
 - ❑ Revenue Generating Activities Contract Under \$5,000
 - ❑ Revenue Generating Activities Contract \$5,000 and up
- Health care related revenue activities are tailored to fulfill specific services. An RGA information worksheet will be forthcoming on our website.



Contract Process

Expense versus Revenue

- Expenditure

- Vice Chancellor or designee signature approvals required above \$50K
- Subject to Illinois Procurement Codes and advertising
- Terms are limited to a maximum of 10 years
- Certifications required of Contractor - 16

- Revenue Generating


- Vice Chancellor or designee signature approvals required regardless of amount
- Subject to University Policies and Procedures Section 5.12
- Terms may be open-ended
- Certifications requested of Client - 3



Contract Process

Developing an RGA Contract

- Step 1 – Points to consider
 - a. What are the services **being provided**
 - b. **How does the activity fit with** the mission **of the University**
 - c. **Have** personnel providing the services **been identified and schedules considered**
 - d. Where **will the services be provided**
 - e. How often **and** for how long
 - f. **What are** the liability issues **involved**
 - g. **What are** the responsibilities **of the University & the Client**
 - h. **How were** the fees and compensation rates **calculated** – were the factors of **salary, benefits, travel, liability and overhead included**



Contract Process Forms

- Step 2 – Forms
 - a. Contract Approval Routing Form – fill-in fields and submit with the unit's authorized signatures to indicate approval of the concept of the activity subject to OBFS and University Counsel review and approval, and
 - b. Contract Form
 - i. RGA Contract Template – download from OBFS Website, or
 - ii. RGA Contract Information Worksheet – which will be forthcoming from OBFS Website, or
 - iii. Copy of Client's contract template (paper and electronic versions)



Contract Process

Routing the Contract

Step 3 – Routing the Contract

- **OBFS Purchasing Division Contracts Section**
 - Assign Contract Number
 - Review CARF, RGA Information Worksheet or attached Contract
 - Prepare contract draft or addendum and routed with the CARF to University Counsel and Risk Management and Human Resources, if applicable
- **University Counsel, Risk Management & Human Resources (as applicable)**
 - Review contract
 - Approve/disapprove contract and return to OBFS
- **OBFS Purchasing Division Contracts Section**
 - Prepare final contract
 - Submit (either electronically or hardcopy) to Client for approval with a request to review, sign and return at least two (2) originals to OBFS
 - Upon return, the Client-signed contract is then routed for Comptroller's and Secretary's signature



Contract Process

Contract Administration

Step 4 – Contract Administration

Upon execution of contract:

- **OBFS Contracts Section**
 - Fully executed contract
 - one original to Client,
 - one original to the Board of Trustees office
 - one copy each to Department and OBFS Contract File
- **Department responsibilities**
 - Setting up revenue account with Accounts Receivables
 - Billing and collecting revenue
 - Monitor services
 - Initiates contract amendments (i.e., extensions, increases, changes in scope of services etc.), completes CARF and forwards to Contracts Section for review and execution.



Possible Contract Deal Breakers

As a state agency, the University is bound by both Illinois statutes and its own internal policies. The following are provisions that may stall a contract's approval process:

- Governing Law other than Illinois
- Other party's legal fees
- Indemnification
- Liquidated damages
- Insurance or Liability clauses
- Binding arbitration
- Rights to ownership, copyrights and patent rights
- Confidentiality
- Termination provision



OBFS Web Site

www.obfs.uillinois.edu

- OFBS Policies and Procedures
 - www.obfs.uillinois.edu/manual/
- Section 5.12 Revenue Generating Activities
 - www.obfs.uillinois.edu/manual/central_p/sec5-12.html
- Forms – RGA Templates
 - www.obfs.uillinois.edu/obfshome.cfm?level=2&path=Forms&xmdata=contractsforms#revagree



You're the Customer

Please contact us for assistance:

Office of Business and Financial Services

Purchasing Division/Contracts Section

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