



Rethinking Procurement

A Guide to Strategic and Collaborative
Public Sector Purchasing

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About CoProcure:

CoProcure is an early stage venture-backed startup on a mission to optimize public procurement. Local U.S. governments can potentially save \$300B+ of taxpayer dollars each year through purchasing efficiencies. CoProcure's free marketplace of competitively bid contracts can be legally and readily reused by government buyers, saving time and money for buyers and drastically reducing sales cycles for suppliers. Join us as we improve public purchasing to reinvest billions of dollars into our local communities: www.coprocure.us



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Introduction

According to the Census Bureau, the United States has nearly 90,000 state and local governments.¹ While these governments range in size from the State of California, which serves a population of nearly 40 million people with an annual budget of more than \$200 billion, to small regional utilities or school districts, which can serve fewer than 1,000 people, there is at least one thing they have in common: they all purchase goods and services to carry out their core functions.^{2,3} This purchasing process is generally referred to as procurement.

Public purchasing is oftentimes perceived as a clerical or back-office function. Yet, there are few government processes that are more important to enabling governments to promote the general welfare of their community members. Ultimately, procurement determines the quality and speed of services that tax dollars can provide and plays a critical role in promoting the economic vitality of businesses, both large and small.

The procurement process is governed by sets of rules and approvals, and also by inertia. Indeed, procurement professionals, other public servants, and suppliers who engage the process typically lament its slow pace, bureaucratic complexity, and frustrating inefficiencies. A procurement official in a major U.S. city put it quite plainly: “I hate government procurement. We make things unnecessarily complicated.”

This guide is designed to peel back these complicated layers and is based on interviews with dozens of purchasers, procurement administrators, government staff, suppliers, and other stakeholders who experience the procurement process from different angles. In compiling and synthesizing this and other research, our hope is that this guide helps elected officials, government staff, and suppliers better understand how procurement works today and identify the most promising opportunities for reform, redesign, and innovation.

While there is ample opportunity for procurement policy reform, the focus here is mainly on interventions that are available to most public agencies within the limitations of existing regulation. In particular, we make a case for intergovernmental collaboration in procurement. We offer several case studies of regional procurement collaboration, which we believe offer lessons to other regions for how to make purchasing more transparent, efficient, and equitable.

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1 U.S. Census Bureau, “2012 Census of Governments,” August 30, 2012, <https://www.census.gov/newsroom/releases/archives/governments/cb12-161.html>.

2 Hans Johnson, “Just the Facts: California’s Population” (Public Policy Institute of California, March 2017), https://www.ppic.org/content/pubs/jtf/JTF_PopulationJTF.pdf.

3 Radhika Mehlotra and Patrick Murphy, “California’s State Budget: The Governor’s Proposal” (Public Policy Institute of California, January 2019), <https://www.ppic.org/wp-content/uploads/california-state-budget-january-2019.pdf>.



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Of course, governments are only one side of the procurement equation. Vendors also struggle to navigate the complexities of procurement, and in some cases, decide not to work with government at all. All individuals who care about the quality of government services should be disturbed by this fact. If businesses are deterred by the lengthy and cumbersome process of working with governments, business competition in government spending is limited, and tax dollars may not ultimately be spent on the goods and services that equip government officials to be as effective as possible.

Although this guide is focused on policy and procedure recommendations for state and local governments, it is also intended to be a resource for everyone involved in the procurement process. Ultimately, public sector procurement is more efficient and effective when stakeholders collaborate with one another across agencies and sectors.



An Introduction to Local Procurement

Governments of all sizes must purchase goods and services to carry out their core functions. These purchases can cover anything from the city-issued trash cans to the computers issued to public servants on their first days of work. How much do governments spend each year? How do they determine which businesses to work with? How do public servants and suppliers interact today? This section seeks to answer these questions and set the context for local government purchasing.

The scope and scale of public spending

Each year, tens of thousands of state and local governments spend roughly \$3 trillion to fund their operations and deliver needed services.⁴ This spending goes towards any number of things, including payroll, pensions, and education and healthcare costs. Although some of these dollars are spent in the form of direct payments to employees or residents, it is also important to note that governments work with outside suppliers to deliver services or operate specific programs. For example, in FY17, the City of Philadelphia paid Community Behavioral Health, a nonprofit organization, nearly \$100 million to provide a variety of behavioral health services to city residents.⁵ While this contract is significantly larger than average, it indicates the extent to which governments rely on outside service providers to meet the needs of their citizens.

In addition to service delivery, state and local governments also purchase supplies and commodities that employees need to carry out their day-to-day work. In FY18, the State of Ohio spent approximately \$16 million purchasing automobiles.⁶ That same fiscal year, Denver spent more than \$8 million on software, and the City of Los Angeles spent nearly \$1 million on custodial supplies.^{7,8} In other words, governments have immense buying power and are purchasing a broad spectrum of goods and services every year.

Governments are required to maintain some level of transparency with regard to their spending. However, the vast number of government agencies and volume of transactions in a given year make it difficult to calculate the aggregate spending with outside suppliers.

4 U.S. Census Bureau, “2016 Annual Survey of State and Local Government Finances State and Local Finance,” December 20, 2018, <https://www.census.gov/programs-surveys/gov-finances/data/datasets.html>.

5 City of Philadelphia, “FY17 Detailed City Payments,” March 29, 2019, <https://data.phila.gov/visualizations/payments>.

6 Office of the Ohio Treasurer, “FY18 State Spending,” accessed April 25, 2019, <http://ohiotreasurer.gov/transparency/ohios-online-checkbook#State/2018>.

7 City and County of Denver, “Denver’s Open Checkbook,” accessed April 21, 2019, <https://www.denvergov.org/transparency/checkbook#/home?year=2018>.

8 Los Angeles City Controller, “Checkbook LA,” accessed April 25, 2019, https://lacity.spending.socrata.com/#!/year/2018/explore/0-/account_name/CUSTODIAL+SUPPLIES/0-/fund_name.

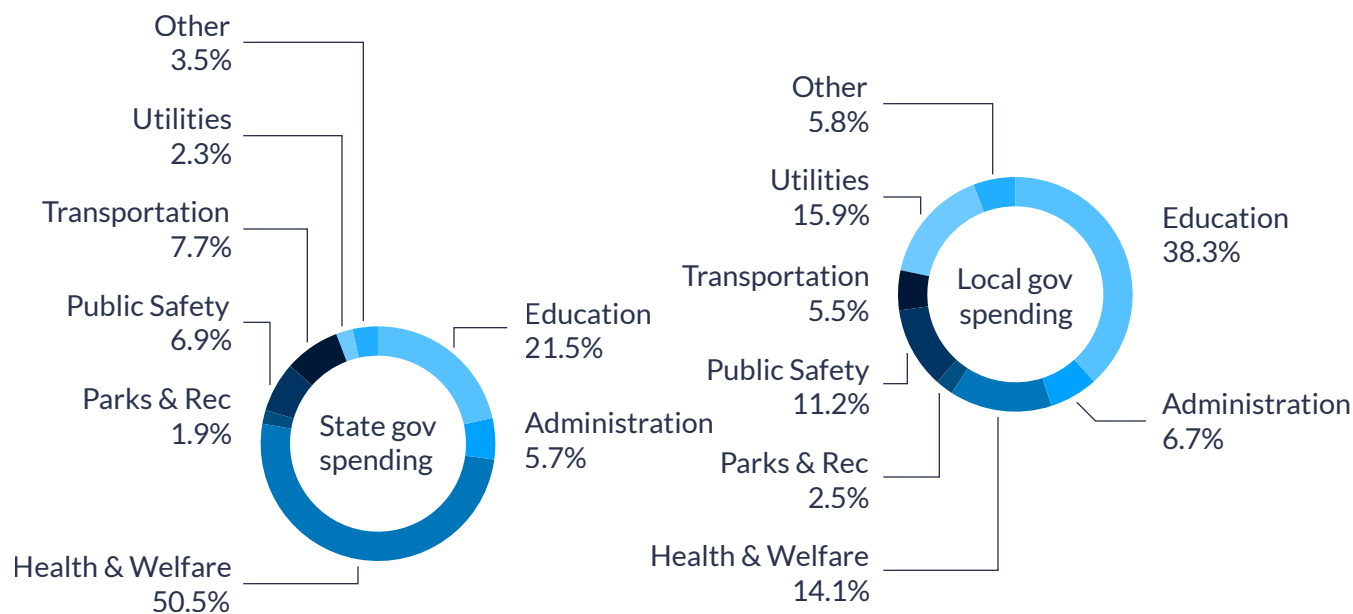


Figure 1: This graphic shows a breakdown of 2015 spending by state and local governments. The chart on the left shows spending by state governments while the right displays local government expenditures.

Graphic Source: U.S. Census Bureau; State and Local Government Snapshot, 2018. <https://www.census.gov/library/visualizations/interactive/state-local-snapshot.html>.

Data Source: U.S. Census Bureau; Annual Survey of State and Local Government Finances, 2018. <https://www.census.gov/programs-surveys/gov-finances.html>.

Studies conducted in individual cities, like Boston, Fort Worth, and Philadelphia, have shown annual spending on contracts for goods and services at between 40 and 50% of overall expenditures.^{9,10} In the United Kingdom, it is estimated that one out of three dollars spent by government goes towards outside suppliers providing a good or service.¹¹ Although it is difficult to generalize across governments, and the public sector is clearly structured differently in the United States than it is in the U.K., even a conservative estimate of 30% spending on the purchase of outside goods and services indicates a market size of roughly \$1 trillion per year.

9 Michael Luca et al., “Retooling Metropolis: How Social Media, Markets, and Regulatory Innovation Can Make America’s Cities More Liveable” (Manhattan Institute, 2016), https://media4.manhattan-institute.org/sites/default/files/Retooling_Metropolis_2016.pdf.

10 Larry Eichel and Jason Hachadorian, “What Philadelphia Spends on Outside Contracts” (The Pew Charitable Trusts, March 14, 2019), <https://www.pewtrusts.org/en/research-and-analysis/articles/2019/03/14/what-philadelphia-spends-on-outside-contracts>.

11 Nick Davies et al., “Government Procurement: The Scale and Nature of Contracting in the UK” (Institute for Government, December 2018), https://www.instituteforgovernment.org.uk/sites/default/files/publications/IfG_procurement_WEB_4.pdf.



As seen in **Figure 1**, different types of governments spend money on different types of goods and services, or in response to different policy areas. For states, nearly half of spending goes towards health and welfare expenditures, whereas the category that commands a plurality of local government spending is education.¹² In addition, governments must abide by different sets of rules depending on the source of the money being used to make the purchase. For instance, when a local government is spending federal grant dollars, that purchase is governed by a different set of rules than it would be if the city is spending money from its own general fund.

In short, complexities abound in public purchasing. This guide will focus on the procurement practices of state and local governments, which include nearly 40,000 cities and counties as well as almost 40,000 “special districts,” public agencies that serve a specific policy function like transportation or public works, and more than 12,000 independent school districts.¹³

Regulation of public procurement

The sheer number of transactions that occur between governments and business entities each year raise legitimate questions about regulations and oversight. Who should pick winners and losers when it comes to government contracts, and how should important components like pricing, contract length, and transparency be negotiated? These questions are particularly delicate in the public sector, where government agencies are making decisions using taxpayer dollars.

In response to these concerns, over time, public agencies have adopted processes to safeguard taxpayer dollars and foster ethical behavior among those soliciting and evaluating bids for government business. The specifics of these practices can vary significantly from one government to the next, but their spirit is largely the same: the bar for vetting suppliers working with government should be high, and purchasers would rather take the time to conduct their due diligence than risk fast-tracking something that might ultimately be viewed as improper. To this end, multiple purchasers have reiterated that one of the primary concerns of procurement departments is helping their agencies avoid public scandal.

Most governments have adopted a tiered system that imposes additional process steps as the value of the contract or purchase increases. This ensures that suppliers compete for the high-dollar purchases to keep costs down and allows for the scrutiny necessary to monitor the most significant allocations of public funds. At the same time, staff are allowed to move forward more quickly in making the smaller, more mundane purchases that maintain day-to-day government operations.

12 U.S. Census Bureau, “State & Local Government Snapshot,” February 15, 2018, <https://www.census.gov/library/visualizations/interactive/state-local-snapshot.html>.

13 U.S. Census Bureau, “2012 Census of Governments.”



Although some state and local governments have more (or less), for simplicity's sake, this guide divides purchases into three general tiers:

1) Purchasing below threshold

For those government purchases that are small in dollar value, often a few thousand dollars or less, there are usually no bid requirements. Staff can purchase without seeking additional levels of approval. This could include something like a small print run of a report or a time-sensitive purchase needed before an upcoming event. However, the threshold level can vary widely across local governments. In some cases, the threshold is as low as a few thousand dollars; in others, like for New York City, purchases up to \$150,000 can be made from Minority or Women-Owned Business Enterprises (MWBES) without a competitive procedure.¹⁴

2) Informal bidding

Once the dollar value of a purchase rises past a few thousand dollars, additional steps are usually added to the procurement workflow to inject some level of competition into the process and deter staff from making high-dollar purchases on their own without additional oversight. To fulfill the requirements of these “informal bids,” a government staff member often has to reach out to multiple businesses for price quotes on a proposed good or service. For example, for all commodity purchases between \$10,000 and \$175,000, the City of Santa Monica requires a minimum of three price quotes from potential suppliers.¹⁵ In Sacramento, the requirements are the same, but the dollar range is much narrower; only those purchases between \$5,000 and \$25,000 fall into the informal bid range.¹⁶

There is also significant variation in the number of quotes required to move forward, the types of businesses to be contacted, and the way in which the quotes must be submitted. For instance, in Portland, Oregon, any purchases that are between \$10,000 and \$50,000 can be made after 3 oral quotes are received, and in Austin, purchasers must provide evidence that they reached out to at least two MWBEs.^{17, 18}

In this range, governments tend to have some level of discretion in selecting a supplier, both because purchasers have the ability to choose which suppliers are contacted about the opportunity and because there may be more latitude to justify utilizing a supplier other than the one with the lowest-

14 This change was adopted in September 2018 and went into effect in November 2018. More details are available in the adoption notification at https://rules.cityofnewyork.us/sites/default/files/adopted_rules_pdf/notice_of_adoption_-_mwbe_non-competitive_small_purchase_provisions.pdf

15 Santa Monica's full informal bidding procedures are available at http://qcode.us/codes/santamonica/view.php?topic=2-2_24-2_24_090&frames=on

16 “Contracting Information,” City of Sacramento, accessed May 1, 2019, <https://www.cityofsacramento.org/Finance/Procurement/Bid-Information>.

17 Office of Management and Finance, “Procurement Code and Policies: Dollar Thresholds,” The City of Portland, Oregon, July 20, 2017, <https://www.portlandoregon.gov/bfrs/article/74585>.

18 Financial Services Department, “Purchasing Office,” City of Austin, accessed May 1, 2019, <https://www.austintexas.gov/purchasing>.



price submission. Savvy businesses often see this as an opportunity to work with governments while avoiding the lengthy competitive bidding process and even go so far as to price their product just below the threshold that triggers a formal bid. Some administrators also cited the informal bid range as fertile ground for initiating pilots or trying a new or innovative product.

Whatever the particulars of the jurisdiction, informal bid procedures are in place to ensure some level of diligence in purchasing without overly reducing the speed of the process.

3) Formal competitive bidding

For purchases over a certain threshold, governments have very strict policies and regulations that dictate how purchasers engage suppliers and award contracts through formal competitive bidding procedures. These policies often prescribe the length of time an opportunity must be advertised, the way in which proposals should be evaluated, and the documentation necessary to approve a purchase. The specificity of the policies gives purchasers little discretion when making a purchase of considerable size, which contributes to the perception that procurement is a rigid and conservative process.

There are also often rules that govern who can approve purchases of a certain magnitude; in some cases, a department director, Chief Procurement Officer, or City Manager can approve a purchase, while other purchases require city council or even mayoral approval. This adds an additional layer of complication and can inject a greater degree of politics into purchasing. The next section will dive deeper into the procurement process for above-threshold purchases, including an overview of the competitive bidding process, exceptions to competitive bidding, and political factors or policy goals that can often influence decision-making.

Procurement workflow for purchases above the competitive bidding threshold

Although there are many variables at play that determine the way in which a given public entity will make a purchase, there is a general process that most will follow. This section lays out this general workflow and provides an overview of the key challenges presented by each step in the process.

Identify a need and conduct research

It should come as no surprise that the first step in the process is actually identifying a need. However, this is not always as obvious or straightforward as it may seem. In some cases, the



complexity of administering multiple contracts across several agencies might make it difficult to anticipate the expiration of contracts. In other cases, something might come up that is a new or unprecedented need, which can present its own challenges for purchasers. As one government official confirmed when discussing a tech-based purchase, “we don’t know what to ask for, and we don’t know what’s possible.”

From an operational perspective, this step in the process varies depending on the structure of the procurement department and workflow within the organization. In some cases, all purchases are handled by a centralized department, so staff within a particular agency have to reach out to procurement officials to discuss the specifications of the good or service necessary to satisfy that agency’s need. In these cases, the efficiency and success of the procurement itself can be dictated by the strength of the relationship between the purchaser and the agency staff. When each agency handles its own procurement, or has some latitude to run a solicitation on its own, there is likely less legwork to do to get other staff caught up.

If the good or service is newer or harder to scope, which is especially common with technology, the agency will often collaborate with the procurement department early-on in the process. This ensures everyone understands the problem at hand and can work together to determine what solutions might be available on the market. In other instances, suppliers may reach out to government entities directly in an effort to attract new customers or make a direct sale. In these cases, suppliers may strategically set their pricing so that it falls below the competitive bidding threshold or perhaps attempt to influence the writing of an RFP to improve their ability to compete for the solicitation.

Frequently, procurement departments will rely on one another to troubleshoot new purchases or share best practices. For example, a purchaser might call a colleague at a peer agency about a recent purchase to understand their market research or see their scope of work. Ultimately, the goal for procurement staff in this stage is to gather enough information about the need to determine the appropriate purchasing method.

Select a purchasing method

Even when a purchase exceeds the formal bidding threshold, there are still multiple procurement options available to a purchasing agent.

Option 1: Run a new competitive bidding process

The most common procurement method is competitive bidding. After conducting initial research,



the public agency writes a new solicitation for bids (sometimes known as a Request for Proposals, RFP, or Invitation to Bid, ITB) or may occasionally hold a pre-bid conference to engage potential suppliers and explain the opportunity in as much detail as possible.

Once the solicitation is published and distributed, the agency will receive proposals from suppliers, evaluate those proposals, select a supplier, and ultimately award a contract. Running a new competitive bidding process is valuable, but can be very time-consuming and expensive for suppliers and government staff alike. The following components are some of the most challenging and can slow down the acquisition of a good or service:

Bid writing

When a government goes to make a purchase, it is often difficult to know both what is required and what solutions might be available on the market. Given the scope of purchases governments make, and the limited resources of procurement departments, it can be challenging for a procurement team to find the time to conduct extensive market research and write accurate specifications.

Procurement officials noted that relationships can be helpful at this stage. Many procurement staff will call or email peer agencies to see example specifications and expedite bid-writing. Procurement staff will also sometimes work with suppliers to complete bid-writing. While suppliers can certainly share expertise about the market, it can be challenging for supplier-influenced bids not to favor one supplier over others. As one seasoned supplier shared, “We love RFPs. We write them!”

Bid-writing takes a significant amount of time. A study of Philadelphia’s procurement practices found it used to take 2.5 months just to write the bid solicitation.¹⁹ In addition, purchasers may find that they have been overly-prescriptive in writing their specifications which could result in a lack of bids or proposals for the wrong types of solutions. In other words, this process can be messy and often requires multiple iterations and rounds of review before the solicitation is ready to be released to the business community. Some governments find the process so painful that they have begun using problem-based procurements or other alternative mechanisms, which will be described in greater detail in the “Best Practices” section of the report.

Advertising the solicitation

Once the solicitation is written, governments face the challenge of marketing the opportunity and attracting supplier interest. Here, there are a wide variety of approaches in how governments go about advertising their bids. Although many purchasing departments have shifted to publishing their RFPs online, some are still required to advertise the opportunity in a newspaper a specified number of days before the proposals are to be submitted. Given the disparate requirements and

¹⁹ Office of the Controller, “Review of the City of Philadelphia Procurement Function” (City of Philadelphia, March 2013), <https://controller.phila.gov/wp-content/uploads/2018/06/ProcurementFunctionReview2013.pdf>.



advertising practices, suppliers often do not know where to look for opportunities, and small businesses, in particular, may have trouble putting together a proposal in the amount of time allotted by the requesting agency (more on how governments can move to address this challenge in “Best Practices”).

Even when suppliers can access available opportunities, they must still parse through a lengthy and complicated solicitation if they decide to move forward. One city purchaser lamented that his jurisdiction’s standard terms and conditions in solicitations are more than 50 pages long, which may deter supplier participation altogether. The supplier requirements and bid specifications also vary from one government agency to the next, meaning suppliers are not always able to adapt one proposal across multiple entities without making wholesale changes. As one supplier stated, “responding to an RFP is like writing a love letter. You wouldn’t reuse love letters.” The specificity and detail needed to submit a successful proposal requires significant time and financial resources which can be prohibitive to suppliers.

Finally, and perhaps counterintuitively, occasionally governments that have adopted an online solution to advertise solicitations and collect supplier proposals inadvertently create additional barriers to supplier access.²⁰ If a government uses a free tool to distribute solicitations, or has entered into an agreement with a supplier to manage the advertisement of solicitations, it is important to understand if or how that supplier might limit access to government business. For instance, several suppliers in the procurement space have reported being repeatedly denied registration to Public Purchase, a company that claims to provide free access to government suppliers and in some cases is the only source of bid opportunities on a local government website. Given suppliers already have a difficult time finding and responding to opportunities, efforts should be made to allow open access to any and all that might be interested in working with government agencies.

Evaluating supplier responses

Procurement departments are stewards of public dollars, so there has long been an understanding that proposal evaluations should revolve around costs and contracts should be given to the least expensive supplier that is still deemed capable of fulfilling the need. This low-cost, or “lowest responsible bidder,” approach calls for government purchasers to establish a minimum qualification threshold for suppliers and make an award determination based purely on the proposed costs for those suppliers that qualify.²¹ In general, this method simplifies the process for procurement staff and reduces the likelihood any questions might be asked about improprieties in the supplier selection process.

²⁰ On multiple occasions, the author and CoProcure were barred from registering as a supplier to view available opportunities by a supplier contracted to manage the procurement process. Another procurement startup, CityMart, was also repeatedly denied access. Allowing a private entity to serve as a gatekeeper to government business serves to further limit access to an already difficult marketplace for a number of different businesses.

²¹ Mac Taylor, “CCC and UC: An Evaluation of Best Value Procurement Pilot Programs” (California Legislative Analyst’s Office, December 21, 2017), <https://lao.ca.gov/reports/2017/3726/best-value-procurement-122117.pdf>.



However, there is now a growing movement behind the idea that price should be just one of many factors considered when governments decide which supplier is most capable of meeting their needs. This approach, colloquially referred to as “best value,” purchasing, allows the purchasing agency and procurement department to create a rubric and metrics to evaluate bids across a number of different criteria, including financial history, sustainability practices, or longevity of the good or service, among others.

For example, Washington D.C. has moved to allow “competitive sealed proposals,” that permit the consideration of a number of factors beyond price, assuming the criteria and evaluation methodology are clearly communicated in the RFP or other bid document.²² The City of Philadelphia recently passed a ballot measure allowing for similar practices, and according to a 2018 survey of state procurement officials, 40 states now allow for best value considerations in their procurement processes.^{23, 24} Although best value solicitations do allow governments to consider other factors in making an award, they also require the thoughtful and intentional consideration of criteria and their relative value in creating the response rubric.

Awarding the contract

Once the bids have been evaluated, a procurement department or agency will make a supplier recommendation, and the process of creating and executing a contract can begin. While the practice varies from one public entity to the next, there will likely be an opportunity for the government and supplier to negotiate the terms and conditions of the contract. Although negotiations may not be necessary in all cases, they are necessary when there is uncertainty regarding the scope or specifications of the project.²⁵

While negotiations can sometimes include price discussions, some governments will have more success in convincing suppliers to lower prices than others. Small agencies with limited buying power will find it more difficult to negotiate with their winning bidder than a government buying a large volume of the given product or service. While negotiations can be beneficial to both sides, they also slow down the procurement process, particularly if the initial solicitation did not provide a detailed scope of work or the supplier proposed a solution that was not initially accounted-for in the solicitation specifications.

22 The change to Washington D.C.'s statute is available to view at <https://ocp.dc.gov/sites/default/files/dc/sites/ocp/publication/attachments/PPRA.pdf>

23 Kate Vitasek, “Philly Voters Back ‘Best Value’ Change To City Procurement System,” *Forbes Magazine* (Forbes, May 18, 2017), <https://www.forbes.com/sites/katevitasek/2017/05/18/philly-voters-back-best-value-change-to-city-procurement-system/>.

24 National Association of State Procurement Officials, “2018 Survey of State Procurement Practices,” June 2018, https://www.naspo.org/Portals/16/2018%20Survey/2018%20FINAL%20Survey%20Report_6-14-18.pdf?ver=2018-06-14-080105-470.

25 Steven M. Demel et al., “Negotiation: Lost Art or Core Competency?” (National Institute of Governmental Purchasing, 2013), https://www.nigp.org/docs/default-source/New-Site/position-papers/150105_negotiation_position-paper_complete_updated.pdf?sfvrsn=2.



Despite these constraints, running a new solicitation allows a government agency to dictate the exact specifications of the good or service to be purchased and might yield new products or ideas if a variety of suppliers bid on the opportunity. This competitive bidding process also allows the agency to recruit new types of suppliers to respond to the business opportunity and can help local and diverse suppliers access government contracts.

Option 2: Utilize a cooperative contract

Public agencies are legally authorized, and even encouraged, to collaborate on purchasing by sharing contracts. During research, procurement staff may find an active contract for the service or item that the agency needs, or for a particular supplier, that has been created through another agency's competitive bidding process. If these contracts have cooperative or "piggybacking" clauses, other governments may buy off of the contract at the same terms.

Using a cooperative contract may allow a public agency to complete the purchase and satisfy competitive bidding requirements without running a new competitive bidding process. In some cases, using a cooperative contract does not just save time; cooperative contracts may also offer advantageous pricing discounts, too. Cooperative procurement is covered in greater detail later in this report in "The Evolution of Cooperative Purchasing."

Option 3: Sole source or no-bid

In instances where there is only one supplier capable of fulfilling a need, or perhaps more commonly, when governments need to purchase a good or service compatible with an existing system or contract, they may enter into a contract with the supplier directly. These "sole source" procurements can be contentious, and are often criticized as a workaround for governments seeking to avoid the competitive solicitation process. However, in many cases, they may be necessary, particularly if governments have previously contracted for legacy or bespoke systems with a specific supplier.

In order to move forward with a "sole source" contract, procurement staff or the requesting agency will have to submit a justification that explains why a given supplier is the only one who can fulfill the agency's needs. Although these types of contracts are certainly utilized by local governments, this guide is largely focused on improving collaboration in local purchasing, something that is difficult to achieve when utilizing a "sole source" methodology.

Administer contract

Once a contract has been signed, procurement departments face the difficult task of managing the contract. This involves tracking the contract usage, the number and amount of payments made to the supplier, key dates for renewals and expirations, and supplier performance. Many governments struggle to administer contracts and sometimes rely on supplier self-reporting to track contract utilization, particularly if multiple agencies or additional governments are piggybacking. In addition, if a procurement office does not have a clear process to identify and plan for the expiration of upcoming contracts, they may be left scrambling to re-bid a new contract with very limited time.

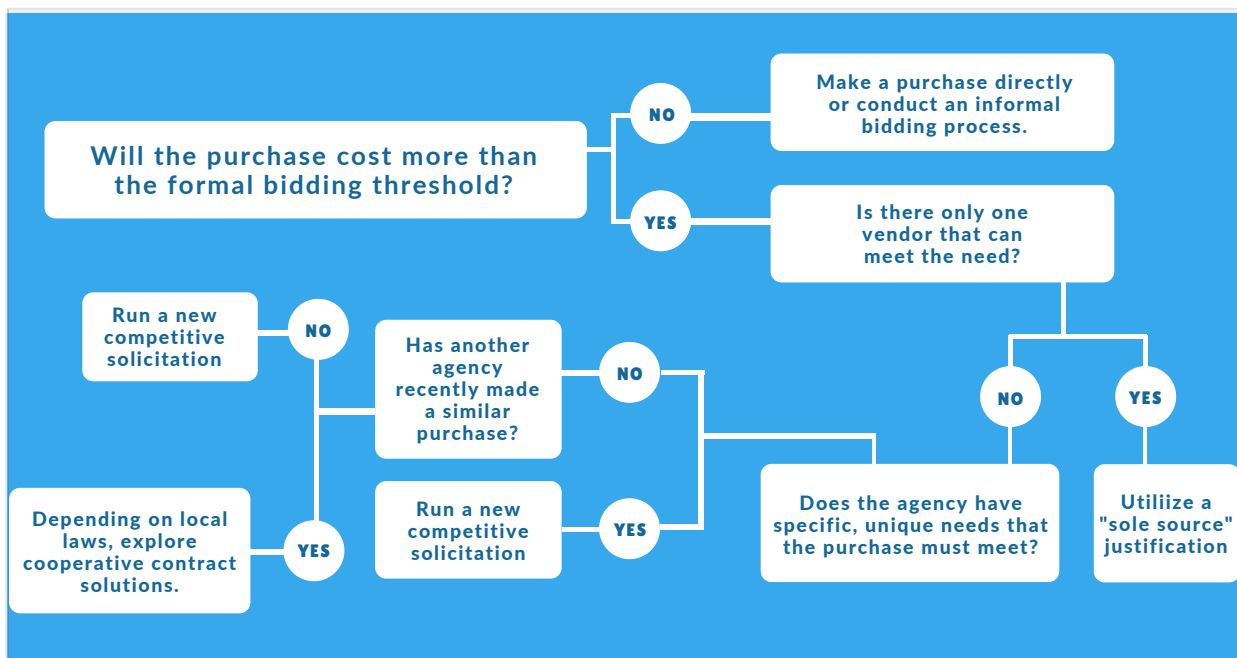


Figure 2: This flowchart provides an overview of some of the key decisions in the procurement process, identifying instances when a purchaser may pursue a cooperative contract as opposed to running a traditional competitive solicitation (or some other mechanism). It is important to note that there are many decision points not captured in this chart that may also affect a purchasing decision and can vary from one agency to the next.

In the event that changes need to be made to the scope of work or the delivery of a particular service, contracts can also be amended. Settling disputes or amending the terms of a contract are vital to ensuring that the public agency and the supplier are on the same page and are necessary to



ensure the supplier is able to be paid for their work should it fall outside the parameters of the original agreement. Frequently, contracts are eligible for renewal a predetermined number of times, so purchasing and procurement staff will work closely with agencies to determine whether a supplier should be rewarded with a contract renewal, or in some cases, may simply renew the contract to avoid running another solicitation process.

One frequently-cited pain point for suppliers, especially smaller businesses that work with government, is that government customers often do not pay on time. For small suppliers in particular, prompt payment is important to ensure the business can make payroll and continue to fulfill the obligations as defined in the contract. As a result, some local governments have adopted “prompt pay” policies that can identify small, local business in their supplier pool and expedite the payment process for these suppliers. For example, while Miami-Dade County is normally obligated to pay suppliers within 45 days, small business and MWBEs are to be paid within 30 days.²⁶

More recently, some governments have moved to implement performance-based or results-driven contracts that tie supplier payment to the achievement of certain benchmarks or outcomes. Although this ensures that governments are paying for actual results rather than simply the delivery of services, it does come with the additional administrative burden of identifying and tracking progress against a set of metrics. This and other alternative contracting mechanisms will be covered in greater detail in the “Best Practices” section of the report.

In short, there are still many components to manage even after the competitive bidding process is over that can dictate whether a contract is successful.

Legislating through procurement

Public purchasing has enormous implications for equity in two important ways. First, those who rely on the delivery of government services tend to be society’s most vulnerable citizens. If the procurement process is unnecessarily slow and inefficient, the delivery of services is impacted, disproportionately affecting those who have no other choice but to depend on government services. Second, governments spend trillions of dollars a year, so the way they award contracts can have a massive impact on which types of businesses ultimately succeed and grow.

As a result, many public servants view government contracts and funding as a way to invest in the local economy or in businesses that have traditionally been at a disadvantage, like minority-owned, women-owned, or small businesses. For some, this is simply good governance. It is certainly good

²⁶ This is normally calculated to be from the date an invoice is received. More information about Miami-Dade County’s prompt payment policy can be found at <http://www.miamidade.gov/aopdfdoc/aopdf/pdf/files/AO3-19.pdf>



politics; if a government is going to spend money to deliver goods and services, many believe administrators should make every effort to ensure that those government dollars stay in the local community or go to traditionally underserved businesses. In practice, some governments have formalized this commitment in the form of local preference policies built into the procurement process.

Generally speaking, these policies provide some sort of discount or tie-breaking advantage to local and/or diverse business enterprises when evaluating competitive bids. In other words, governments may automatically award a contract to a local supplier in the event of a pricing tie, or purchasing staff may deduct a certain percentage off the quoted pricing when comparing a local company's proposal with one submitted by an entity from outside the area. For example, Santa Fe, New Mexico will deduct 3% from the quoted price provided by a local supplier when making a low-bid determination.²⁷ The State of South Carolina has a similar policy, deducting 7% from the bids of local suppliers registered in the state.²⁸

When it comes to working with MWBEs, governments can employ a number of tactics. As mentioned earlier, cities like Austin might require agencies to reach out directly to MWBEs when collecting informal quotes for a purchase. In other cases, governments use a number of incentives, from tax breaks to subcontracting requirements, to ensure traditionally disadvantaged suppliers are able to access government business.²⁹

Some public agencies have taken these policies even farther, requiring businesses that contract with government to pay a living wage or eliminate discriminatory practices. For instance, the City of Oakland requires contractors of a certain size to pay employees a living wage indexed to the local consumer price index and requires businesses doing business with the city to discontinue any practices that call for the differential distribution of benefits to employees with domestic partners as opposed to spouses.³⁰ Such ordinances add to the already disparate procurement requirements between government entities, even within a single region. While this can make it more challenging to collaborate across governments, and perhaps even deter businesses from working with government clients. However, social policy in public procurement does not preclude governments from utilizing cooperative agreements or finding other time saving measures, as discussed in the next section.

27 City of Santa Fe, "Purchasing Policies and Procedures," March 2018, https://www.santafenm.gov/media/archive_center/2018-04-11_Procurement_Manual_Phase_1.pdf.

28 State of South Carolina, "Resources & Forms – Vendor Preferences: Frequently Asked Questions From The Vendor's Perspective," State Fiscal Accountability Authority, accessed April 25, 2019, <https://www.procurement.sc.gov/agency/resources-and-forms/procurement-preferences/faq-preferences#RVP>.

29 Griffin & Strong, P.C., "City of Greensboro 2018 Disparity Study" (City of Greensboro, February 2018), <https://www.greensboro-nc.gov/home/showdocument?id=42152>.

30 These ordinances are outlined explicitly in Oakland's City Charter, Chapter 2.28 and Chapter 2.32, respectively https://library.municode.com/ca/oakland/codes/code_of_ordinances?nodid=TIT2ADPE.CH2.28LIWAOR.2.28.030PAMICOEM



The Evolution of Cooperative Purchasing

The previous section laid out the standard workflow for an agency making a purchase, the general requirements for procurement through competitive bidding, and the possibility that an agency might use an existing contract from a peer jurisdiction to satisfy the competitive bidding requirement. This section will dive deeper into how local agencies collaborate on procurement (known as cooperative purchasing). We'll cover how cooperative purchasing works and the benefits and tradeoffs it presents for local purchasers.

What is cooperative purchasing, and how does it work?

In general, there are two ways that governments can formally collaborate with one another to make a purchase. The first, and most common option is through a process called “piggybacking.” When one government conducts a competitive solicitation and awards a contract to a supplier, that government may include a clause allowing other public entities to utilize the contract they have awarded at the negotiated terms.³¹ In other words, if a city would like to buy office supplies but it does not have an existing office supply contract, a purchaser might look at what contracts other public entities have already negotiated to see if there is something that the city can use to make a purchase.

Different states and localities have different rules that govern the use of cooperative contracts, but in most cases, the purchaser must be able to satisfy the following checklist before proceeding:

Procurement Checklist

- Contract is still active and will be for the duration of time needed
- The lead agency is a public agency
- Contract was competitively bid
- The needed goods and services are included in the contract scope
- Cooperative language is included in the solicitation and the contract
- Source documents (solicitation, bid tabulation, contract, amendments, etc.) are available for review



Note that this is only a general list to illustrate some of the main diligence questions around utilizing a cooperative contract. There is variation from one entity to the next. For example, some local agencies require that all contracts, even those that are cooperative, be advertised locally.

Should a purchaser be able to satisfy these criteria and describe why a cooperative contract is more advantageous than a competitive solicitation in a specific case, generally they can move directly to issuing a purchase order. Indeed, one of the frequent exceptions to the threshold rules discussed in the previous section is in cases where an agency decides to use a cooperative agreement. There are some clear pros and cons to piggybacking off existing contracts which will be discussed in the next two sections.

The other way governments can collaborate in purchasing is by running a joint solicitation. In this case, multiple agencies will pool their demand up-front and run one single competitive process that includes all of their individual requirements. In these cases, one entity usually takes the lead and handles the administrative burden of putting together the bid. In many cases, coordination across multiple governments can be quite challenging, particularly if specifications differ, or if there are a number of different terms and conditions specific to each government that have to be included in the solicitation and contract. That being said, there are examples of groups that are comprised of multiple entities running joint solicitations, including the Kansas City Regional Purchasing Cooperative and the Southeast Florida Regional Purchasing Cooperative, which will be discussed in detail later in this report.

Who can create cooperative contracts?

As noted above, cooperative contracts can come from any number of public sources. Cities might include a cooperative clause in their solicitation documents, and states frequently create contracts that cities, counties, and special districts in that state (and beyond) may use.

In addition, with the increasing use of cooperative purchasing at all levels of government, new organizations, “national cooperatives,” have emerged all over the country to help create and distribute cooperative contracts across the country. Some national cooperatives, like Sourcewell in Minnesota or HGACBuy in Texas, are public entities and therefore have the authority to create their own contracts. Others, like NASPO ValuePoint or Omnia Partners, are nonprofit or for-profit organizations that must partner with public agencies to generate contracts. In this case, the national cooperative works with the “lead agency” to generate a contract and market it to thousands of public agencies across the country.

31 Although a competitive solicitation is generally a prerequisite for an agency to “piggyback” on a contract, that is not always the case. For example, the City of Los Angeles allows for piggybacking even when the government contract in question did not result from a competitive solicitation process. LAAC § 10.15 (a)(8) [http://library.amlegal.com/nxt/gateway.dll/California/laac/administrativecode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:losangeles_ca_mc](http://library.amlegal.com/nxt/gateway.dll/California/laac/administrativecode?f=templates$fn=default.htm$3.0$vid=amlegal:losangeles_ca_mc)



As cooperative purchasing has become more common, these cooperatives have achieved remarkable size and scale. For example, U.S. Communities, one of the largest group purchasing organizations in the United States, connected members to more than \$2.7 billion in goods and services last year.³² Typically, these entities operate by charging a small (often a few percentage points) administrative fee on all transactions made on their contracts, which they share with the contract's lead agency. In some cases, government entities have been able to bring in millions of dollars a year by serving in these lead agency capacities, and when a single cooperative can enable nearly \$3 billion in purchases each year, it is easy to see how potentially lucrative cooperative purchasing can be.

Although cooperatives do provide a valuable service to procurement staff, some purchasers have grown wary of their increasing size and breadth of offerings. As noted later in “The risks and trade-offs of cooperative purchasing,” government agencies should weigh these and other factors when deciding whether to utilize cooperative contracts.

The case for procurement cooperation

It is no secret that public dollars are at a premium, and few government offices feel those constraints more than procurement. Multiple procurement officials offer a similar refrain: governments are buying a wider range of goods and services, but purchasing departments are not receiving additional resources with which to make those purchases. According to a 2018 survey of state and local government purchasers, more than 40% of procurement staff feel overworked.³³ In addition, the two challenges that were cited most frequently by procurement officials were lack of funding and the lengthy and complex bureaucratic processes they are asked to navigate.³⁴ Reflecting these larger trends in the sector, one procurement administrator relayed, “we’ve been struggling for the past decade with budget reductions and staff cuts, while the amount of work is increasing.”

Time savings: reducing the administrative burden of purchasing, expediting purchases

Cooperative purchasing, and improved collaboration more generally, can ease some of the time and resource constraints facing procurement departments. Using an existing contract from a trusted entity can shortcut the compilation of research and writing of the solicitation that traditionally account for much of the procurement process (more on this later in the report). This is particularly true when a product or service does not need to be specialized for a given agency, as multiple procurement officials confirmed that jumping to issuing a purchase order can save months of work.

32 “OMNIA Partners Announces Purchase of U.S. Communities,” OMNIA Partners, April 16, 2018, <https://www.businesswire.com/news/home/20180416005793/en/OMNIA-Partners-Announces-Purchase-U.S.-Communities>.

33 GovWin+Onvia, “Survey of Government Procurement Professionals 2018,” http://images.more.delttek.com/Web/DeltekInc/%7B99f494a0-c09d-4fb4-8b97-e1da9a5fe78f%7D_Survey-of-Government-Procurement-Professionals-2018-GovWin-Deltek.pdf.

34 Ibid.



In addition, with the proliferation of “Smart City” practices, local governments are branching out into unfamiliar territory, purchasing new tech-based solutions or services that might be even more difficult to research and scope. In 2018, it is estimated the cities in the United States spent nearly \$25 billion in support of Smart City initiatives.³⁵ Cooperative purchasing, and a general ethos of collaboration, will help governments identify best-in-class products, share research findings, and expedite purchases without requiring additional operating budgets or staff time. Given the speed of innovation in the technology sector, cooperative purchasing practices are tools that governments can use to buy what they need before it becomes an outdated solution.

Cost savings: aggregating public purchasing power

In addition to increasing efficiency, under certain circumstances, cooperative purchasing can save money as well. A 2017-2018 San Mateo County Civil Grand Jury Report identified potential cost savings of between 5% and 15% for San Mateo County and its 20 cities if they worked more collaboratively to share contracts or run joint solicitations.³⁶ If those savings were realized, the 21 entities could have as much as \$108 million to reinvest into other priorities each year, just by collaborating better at a local level.³⁷

The cost-saving component is particularly salient for smaller jurisdictions or government agencies that are not able to buy goods or services in large quantities. If those governments are able to utilize a contract negotiated by a larger entity, or pool demand with other small, neighboring groups, they will often be able to achieve better pricing than they could on their own. For example, the Texas Department of Information Resources estimates that in FY18, the Department’s cooperative contracts for technology saved public education agencies and local governments in the state more than \$120 million just in product pricing alone.³⁸

This explains, in part, why the use of cooperative contracting mechanisms seem to have risen rapidly in the years during and after the Great Recession. One former state procurement officer who was heavily involved in state-level cooperatives believes that many local governments and small political entities have shifted to using more cooperative solutions out of necessity as the size of their procurement departments and budgets have shrunk.

Absent some significant shifts in policy, the financial reality for state and local governments is also not likely to change any time soon. A recent report by the Government Accountability Office (GAO) projected continued fiscal challenges for state and local governments driven by rising healthcare costs and outstanding pension obligations.³⁹

35 “IDC Forecasts Smart Cities Spending to Reach \$158 Billion in 2022, with Singapore, Tokyo, and New York City Among Top Spenders,” International Data Corporation, July 23, 2018, <https://www.idc.com/getdoc.jsp?containerId=prUS44159418>.

36 “Cooperative Purchasing - A Roadmap to More Effective City Procurement” (San Mateo County Civil Grand Jury, 2018), http://www.sanmateocourt.org/documents/grand_jury/2017/city_procurement.pdf.

37 “Cooperative Purchasing - A Roadmap to More Effective City Procurement.”



The risks and trade-offs of cooperative purchasing

While there are some clear benefits to using cooperative purchasing, there are also tradeoffs and risks purchasers and administrators should consider before using a pre-existing contract or running a joint solicitation with peer agencies.

Time savings can only be achieved if contract search and evaluation is efficient.

Significant time is required to initiate a joint solicitation. While agencies that participate in aggregating their demand up front will often achieve cost savings, particularly if they can provide an accurate volume estimate to suppliers, aligning the needs and specifications of multiple government entities takes an up-front time investment. There are ways to mitigate this concern, some of which are listed in the best practices section, but joint solicitations require an upfront investment from the interested parties in order to create mutually agreeable terms and conditions or even to decide which goods or services are most amenable to a group purchase.

In addition, when pursuing a cooperative solution, purchasers usually have to consult several different sources to determine whether there is a contract their agency might be able to utilize. Even in instances where they do find a contract, the documentation needed for due diligence may not be readily available. If these contracts and documents are too difficult to find, or if it is deemed that the approval process would not save any time, then it may not be worth it for a purchaser to pursue a cooperative solution. CoProcure is a free tool that can help governments find and compare relevant contracts, including piggybackable contracts, in a single database. Government purchasers use CoProcure to make identifying and evaluating cooperative contracts easier.

Cooperative contracts provide a price ceiling, but not always the most competitive price. While cooperative contracts nearly always save time, there might be instances, particularly for large local governments, where running a new solicitation will yield a lower unit price due to the certainty of demand. As a result, some agencies will seek to negotiate the pricing in a cooperative contract, particularly if the agency is buying in a much larger volume than the contract creator.

Piggybacking agencies have less control over cooperative contracts, especially the timing of the contract.

Before deciding to use a cooperative contract, agencies must collect all associated documents and amendments to determine whether the procurement met their local requirements. Once that

38 “Cooperative Contracts,” Texas Department of Information Resources, accessed May 1, 2019, <https://dir.texas.gov/view-about-dir/pages/content.aspx?id=41>.

39 Michelle Sager and Oliver Richard, “State and Local Governments’ Fiscal Outlook” (United States Government Accountability Office, December 2018), <https://www.gao.gov/assets/700/696016.pdf>.



determination has been made, the piggybacking agency is largely at the mercy of the contract creator; changes to terms might be negotiated, or the length of the contract might prevent the piggybacking agency from utilizing it for as long as is necessary to deliver the good or service in question. Often, since a government may not know that another agency has decided to make a purchase off of its contract, these changes may not be communicated. While these concerns may not come into play for one-time commodity purchases, the expiration or alteration of contracts for ongoing services could cause problems for the piggybacking agency.

Local and/or diverse suppliers are not always readily available through cooperative contracts.

As noted in the last section, a number of different purchasing practices fall under the umbrella of cooperative purchasing, so not all methods engender the same trade-offs. In an instance where a government is using a contract created by another public entity (referred to throughout this report as “piggybacking”), it may mean that the supplier is not local. This is particularly true if the contract is available through a national cooperative and can create some pushback from local businesses or elected officials interested in keeping public dollars in the community. As a result, purchasers may consider their political climate and local business environment to determine whether there might be a local supplier that could meet their needs before moving straight to using an existing contract.

On the other hand, if the contract in question was created by a local agency or regional cooperative, piggybacking on that agreement might actually enable a local business or an MWBE to grow its operations. Given that cooperative clauses can be included in all sorts of government contracts, agencies can still make local and diverse purchasing a priority by being intentional about looking first for cooperative contracts with public entities in their immediate surroundings. In addition, many larger suppliers have made an effort to work with local and/or MWBE subcontractors or distributors, so agencies may still be able to provide business to local or underrepresented suppliers even if they decide to use a national contract.

It may require additional effort, but cooperative purchasing does not preclude governments from working with businesses in their communities. In fact, cooperative contracts can be a powerful tool to promote the growth of small and diverse businesses if an agency decides to make that a priority.



Best Practices in Local Purchasing

This section draws from conversations with dozens of procurement staff, public administrators, and suppliers to propose a number of changes governments and buyers can make to their procurement practices. The suggestions and best practices have been divided into two groups: those that are more process-related and do not require changes to law or regulation, and those that require policy change in order to implement.

Improving the local procurement process without changing laws

Borrow from other public agencies

Putting together a competitive solicitation can be a labor-intensive, expensive, time-consuming process. If an agency has very specific requirements that are unique to its jurisdiction, then running a new competitive bidding process makes sense. However, if another agency has done its due diligence, researched the best-in-class solutions, and included cooperative language in its contract, an agency should consider “piggybacking” off that contract to make a purchase. As noted earlier, this process allows most governments to skip straight to the contract approval or purchase order step, helping the agency avoid weeks or even months of administrative work.

Even if a peer agency contract doesn’t include cooperative language, it can still be quite useful in helping expedite the market research and bid-writing steps in running a new competitive solicitation. Several of the entities highlighted in the “Case Studies,” later in this report have cited the utility of viewing the specifications and scopes of work developed by other government agencies even if they are not planning to utilize the contract itself. By utilizing existing resources in this way, agencies avoid reinventing the wheel and starting research from scratch each time a new need is identified, a type of collaboration CoProcure is working to promote through its searchable database.

Include cooperative language as a default

Other public agencies, especially smaller jurisdictions that might not have the staff necessary to run a competitive solicitation nor the buying power to achieve competitive pricing, will likely find an agency’s contracts very helpful. If governments add cooperative language to bid solicitations and contracts, peer



agencies will have the option of piggybacking off of the agreements. Consider especially adding this language to contracts with small, disadvantaged, and/or local business. Winning a cooperative contract can help these businesses make the most of their limited resources by turning their successful bid into multiple contracts, particularly for other governments in the region. The following are two brief sample clauses; first for a solicitation and second for a negotiated contract.

Monterey County, California RFP:

19.0 Piggyback Clause

19.1

CONTRACTOR shall indicate below if CONTRACTOR agrees to extend the same prices, terms and conditions of their proposal to other public agencies that have delivery locations within the State of California limits: ___ Yes ___ No. CONTRACTOR's response to this question will not be considered in award of the AGREEMENT resulting from this solicitation. If and when CONTRACTOR extends the prices, terms and conditions of their proposal to other public agencies, any resulting agreement shall be between CONTRACTOR and the other public agencies and County shall bear no responsibility or liability for any agreements between CONTRACTOR and the other public agencies.

King County, Washington Contract:

3.15 Other Public Agency Orders

Other federal, state, county, and local entities may utilize the terms and conditions established by the Contract if agreeable to all parties. The County does not accept any responsibility or involvement in the purchase orders or contracts issued by other public agencies.

Of course, a cooperative clause is useful to other entities only insofar as they can find the contracts, so this strategy should be adopted in conjunction with the open data practices discussed next.



Make data available online

Publishing bid solicitation and contract data not only achieves transparency goals; it also makes collaboration across agencies easier. When an agency publishes its contracting data, residents, suppliers, and public agencies can all access this information in a self-service way, which cuts down on the time government staff must spend responding to public records requests. In addition, by making this information public, other government purchasers can more easily benchmark pricing, borrow necessary specifications, and potentially even buy off a contract another agency has already negotiated.

Publishing data does not have to be expensive or complicated. King County, Washington utilizes Airtable to display vital contract information, as shown in **Figure 3**.⁴⁰

Awarded Contracts

Not a King County agency? Use a [Cooperative Purchasing Agreement](#) to "piggyback" on our contracts.

<input type="checkbox"/>	VENDOR/SUPPLIER N...	DESCRIPTION	PIGGYBACK AVAILABLE	GREEN	P-CARD	Small Business	START DATE	EXPIRES
1	DELIVERY EXPRESS INC	COURIER SERVICES - P...	👍		✓	★	1/12/2017	1/11/2022
2	SOUND SAFETY PRODUC...	SAFETY SHOES AND B...	👍		✓	★	1/1/2017	12/31/2021
3	BIRCH EQUIPMENT	LARGE CONSTRUCTIO...	👍	♥	✓	★	1/1/2017	12/31/2019
4	PETE'S TOWING, INC.	ON-CALL TOWING SER...	👍		✓	★	8/30/2017	6/18/2022
5	METAL SHORTS	STAINLESS STEEL AND ...	👍		✓	★	11/1/2016	10/31/2021
6	THE PART WORKS INC	PLUMBING REPAIR PAR...	👍	♥	✓	★	10/9/2017	8/31/2019

Figure 3: King County, Washington uses Airtable to display current contracts, helping interested public agencies clearly see key factors of interest, including whether the contract is cooperative and if the supplier is a small business. The Airtable also includes the supplemental documentation for the bid and contracts, as well as the contact information for the purchaser responsible for the contract.

Kansas City makes the data available through an existing data portal.⁴¹ In some cases, it may be more beneficial to publish data through a regional effort. A single regional database, like the one CoProcure provides for free to the Mid-America Regional Council (MARC), can significantly reduce the amount of time that government buyers spend researching available contract vehicles.⁴² A

40 Procurements and Payables Section, "Awarded Contracts," King County, accessed April 15, 2019, <https://www.kingcounty.gov/depts/finance-business-operations/procurement/for-government/awarded-contracts.aspx>.

41 City of Kansas City General Services, "List of KCMO City Contracts," March 31, 2016, <https://data.kcmo.org/dataset/List-of-KCMO-City-Contracts/c46m-hv6s>.

42 Kansas City Regional Purchasing Cooperative, "Cooperative Purchasing Database," Mid-America Regional Council, accessed April 3, 2019, <http://marc2.org/assets/kcrpc/index.htm>.



shared regional contract database can also inform future group solicitations and help local and/or disadvantaged businesses grow to multiple agencies in a region.

One note of caution: in any case where a government is using external data or technology services, the agency should make sure to maintain ownership of its data to provide access to the public when needed. Vendors that monetize or otherwise restrict access to bid opportunities or contract data operate contrary to the spirit of open government and ultimately reduce access to information and opportunities for collaboration in procurement.

Want help publishing your contracts?

CoProcure is a venture-backed, mission-driven startup that provides a free search tool for public agencies to find, compare, and use cooperative contracts from national and regional cooperatives, states, and local government sources. You can use CoProcure to publish your agency's contracts for free and add contract search to your own website. Visit www.coprocare.us for more information.

Forecast purchasing needs to spur collaboration

A feature of public purchasing that makes collaboration particularly difficult is the frequent lack of information and data surrounding upcoming purchases. Without a sense of the upcoming needs and the contract cycles of other public agencies, it is hard for buyers to identify where there might be an opportunity to work with their peers. In addition, if suppliers have no way of anticipating RFPs or other solicitations, small businesses or those without the administrative support or experience selling into government may find it impossible to put together a comprehensive response before the proposal due date.

To respond to these concerns and provide a greater degree of transparency, some procurement departments have begun to provide forecasts that provide a list of anticipated purchases to occur over the next several months. For example, the City of Milwaukee recently released a buying plan that covers five years of anticipated commodity or service needs to provide greater lead time for local small businesses interested in submitting a proposal.⁴³ In Chicago, the Department of Procurement Services works with several other public entities in the Chicago region to produce a

⁴³ "Buying Plan: Q1 2018 - Q4 2022" (City of Milwaukee, n.d.), <https://city.milwaukee.gov/ImageLibrary/Groups/doaPurchasing/Whats-New/CityofMilwaukeeBuyingPlan20182.pdf>.



15 month buying plan that offers potential suppliers the opportunity to prepare responses for upcoming needs.⁴⁴

While these plans are explicitly aimed at improving supplier outreach and lowering barriers to entry, they can also help other purchasers see where there are opportunities to work together to solicit an upcoming need. According to Rita Parker, the Program Coordinator for the Kansas City Regional Purchasing Cooperative, “knowing which agencies need to establish a contract for a given commodity this year and compiling that information could help in developing a plan for issuing a joint bid.”

If a government entity takes the time to map out purchasing needs across departments, it can not only yield a more diverse set of supplier responses, but it may also illuminate opportunities for collaboration in the bid process.

Create formal communications channels with other public purchasers

One of the common themes that has emerged from conversations with procurement staff is just how valuable it can be to talk through shared concerns or upcoming contracts with peers in other agencies. In fact, regular and facilitated opportunities to communicate are vital to the success of all five case studies discussed later in this paper.

These channels of communication range from an email listserv for procurement professionals to actual message boards or forums dedicated to answering questions or sharing information. Many procurement officials have also cited regular face-to-face meetings as incredibly valuable in fostering collaboration between agencies.

Not all of these options will make sense for all agencies, but there may be opportunities to join existing groups or networks. The National Institute of Governmental Purchasing (NIGP) has chapters in regions across the country which often convene regular meetings or offer tools to foster communication between local procurement professionals. In addition, regional development organizations or associations of governments sometimes offer shared services or cooperative contracting opportunities to members.

For example, the Sacramento Area Council of Governments (SACOG) has contracts for particular commodities and services that members can piggyback on.⁴⁵ These organizations may also be willing to administer communications channels or host regular meetings with procurement staff in the region to augment their existing services.

44 Department of Procurement Services, “Buying Plan: 2Q 2019 - 3Q 2020” (City of Chicago, n.d.), https://www.chicago.gov/content/dam/city/depts/dps/Outreach/2QBuyingPlan_041719.pdf.

45 The shared services page for the Sacramento Area Council of Governments can be accessed at <https://www.sacog.org/shared-services>



Help local businesses understand and utilize cooperative purchasing

Many businesses are unaware of cooperative purchasing. While small businesses are likely not equipped to sell to governments across the country, they may welcome the opportunity to add a cooperative clause that allows them to sell to public entities in their more proximate geographic region. This is particularly true for small, local businesses and MWBEs. Even when these types of suppliers navigate a complex procurement process, there is often little appetite or ability to launch into another months-long competitive solicitation for the chance to add a single additional customer.

For this reason, enabling the use of cooperative purchasing should be considered a powerful tool for those governments seeking to increase local or MWBE participation in government contracting. By adding cooperative language to its contracts, a government can empower businesses to sell to other agencies, shortening and simplifying the sales cycle significantly. One small technology company that endured a competitive process lasting more than 7 months found they were able to take the contract they were ultimately awarded and sell to another neighboring jurisdiction in less than 6 weeks because of the cooperative clause.

However, while multiple small businesses and startups expressed interest in allowing other agencies to piggyback off of their existing contracts, they also did not know whether the proper language was included or what it really meant. As a result, governments should provide training or education around what a cooperative clause means and whether their particular clause is limited to a geographic area or type of agency. Vendors may be concerned about added shipping costs or afraid of expanding too rapidly to other parts of the country; training can help suppliers understand how to tier pricing based on shipping costs and make it clear that cooperative clauses in no way obligate sales to other governments but are a way to shorten the sales cycle if suppliers have the capacity to do so.

In addition, given that other agencies need to be able to see a cooperative contract and the supporting documentation in order to use it, governments seeking to promote the use of cooperative purchasing should make their contract information available online and identify those contracts awarded to small, local businesses or MWBEs.



Legal or policy changes that can spur collaboration

Align Minority-Owned, Women-Owned Business Enterprise (MWBE) and other diversity certifications with neighbors

As noted earlier, procurement policies and regulations vary quite a bit by location. While many local jurisdictions have regulations that give preference to local or minority-owned businesses, there are significant variations in the credentialing of these businesses and approval processes from one public entity to the next.

In other cases, regions have come together to create a common certification process for Minority and Women Business Enterprises (MWBEs). This regional certification allows these businesses to compete as MWBEs when responding to solicitations from *any* governments in the region, reducing the administrative burden on these smaller businesses and providing a transparent and consistent certification process across neighboring jurisdictions.

For example, Memphis, TN has developed a clear and transparent certification process for minority business enterprises (MBEs), women business enterprises (WBEs), and small business enterprises (SBEs) and lists the certified businesses in an accessible online portal.⁴⁶ To make the certifications even more meaningful, Memphis has reciprocity agreements with Shelby County and other surrounding entities to ensure that a SBE submitting a proposal to one government in the region is able to submit a proposal to the other governments as an SBE as well.

Ultimately, creating regional certifications or developing reciprocity agreements with neighbors that honor multiple certifications reduces the complexity of selling into government.

Pool regional demand to make purchases together

As noted in the discussion of cooperative purchasing, in addition to sharing contracts after they have already been created, governments can create new contracts together. Running a shared solicitation process, known as a “joint solicitation,” allows governments to aggregate demand and achieve better pricing, plus save time by sharing the administrative lift of running a solicitation.

Joint solicitations work particularly well when there’s an existing regional infrastructure, or when multiple public entities of the same type are committed to making a purchase. Sometimes, as in the case of the Southeast Florida Governmental Purchasing Cooperative, agencies will divide their

⁴⁶ This portal is called Buy901 and can be accessed at <https://buy901.memphistn.gov>



shared commodity and service needs, and individual agencies will run a single solicitation for each shared need on behalf of the whole group. In other cases, this type of collaboration can happen more organically, particularly when an agency is hoping to make a bid more palatable to the supplier community by increasing the volume of the purchase.

While joint solicitations can be complicated for the lead agency, they offer opportunities for cost-savings and allow those riding on the solicitation to allocate administrative resources to other priorities. Even when the joint solicitation infrastructure does not already exist, the potential long-term cost and administrative savings make it a possibility worth exploring.

Consider alternative contracting methods like problem-based procurement, modular contracting, and pay-for-performance contracting

Problem-based procurement

A frequent criticism of the procurement process is how prescriptive it can be for suppliers. As discussed on multiple occasions in this report, public sector purchasers do not always know what solutions might be available on the market, and in some cases, they may not even understand the problem their government agency is trying to solve.⁴⁷ If suppliers are limited in their proposals by a flawed scope of work or list of specifications, a public agency may accidentally be excluding viable solutions to the problem at hand.

As a result, some have begun to push governments to consider using more problem-based procurement processes that put the onus on suppliers to provide the specifications for their proposed solutions. San Francisco was able to find a suitable supplier for upgraded street lights, after two unsuccessful RFP processes, by reframing their procurement in terms of the problem the city was trying to solve. In instances like this one, suppliers can take a more innovative approach, perhaps suggesting a solution that would have never been included in a typical solicitation's scope of work.

In other cases, some governments have successfully reimaged their procurement processes simply by isolating their legal requirements and changing other parts of the process. For example, the Startup in Residence program that began in San Francisco takes challenges submitted by local government agencies and allows startups to submit proposed solutions.⁴⁸ This process, which functions more like an application than a traditional bid proposal, allows a chosen startup to enter into a pilot project, and potentially a long-term contract with the local government. Participating

47 Tina Rosenberg, "Opening City Hall's Wallets to Innovation," The New York Times, September 25, 2015, <https://opinionator.blogs.nytimes.com/2015/09/25/opening-city-halls-wallets-to-innovation/>.

48 More on Startup in Residence available at <https://www.cityinnovate.com/>



governments do not need to change their underlying laws, and startups that may have previously avoided working with governments now have an easier on-ramp to bring new solutions into government.

Reverse auctions

Another procurement method that has been gaining traction is the reverse auction. Reverse auctions pit suppliers against one another to drive down the contract costs. Instead of rewarding the highest bidder, agencies will move forward in a contract with the low bidder, often saving time and money when compared to a more traditional solicitation process. A California school district utilized a reverse auction to reduce its cost of hamburgers by more than 60%.⁴⁹ Although reverse auctions are not suitable for every type of purchase, many governments have found success in piloting the practice.

Modular contracting, agile procurement

Given the size and scope of technology contracts, they often present unique challenges for government entities. In particular, it is often exceedingly difficult for purchasers to fully scope out a multi-step project that could take a number of years to complete. As a result, some procurement experts and practitioners have begun using a process called modular contracting or agile procurement to break the entirety of the project into smaller, more-manageable pieces. For example, 18F, an office within the Federal General Services Administration (GSA), worked with the U.S. Forest Service to break the procurement of permitting solutions into multiple individual deliverables that ensured the overall success of the project while achieving benchmarks along the way.⁵⁰ For major technology contracts, agencies might consider taking a similar approach to keep the project on track and hold suppliers accountable.

Pay-for-performance or results-driven contracting

Traditionally, governments have paid suppliers for the delivery of goods and services without holding suppliers accountable for larger policy goals or the ultimate success of a given project. To better match supplier incentives with those of government agencies, some departments have begun developing procurement processes that ensure procurements are aligned with larger strategies and supplier payments are tied, at least in part, to desired outcomes.

For example, Harvard's Government Performance Lab and the Boston Public Works Department used results-driven contracting to redesign the way Boston pays for the resurfacing of city streets. After taking a closer look at the inefficiencies in their current practices, the Public Works Department decided to change the way it notified suppliers of upcoming work and made additional

49 Tammy Rimes, "Reverse Auctions: Turning the Procurement Process Upside Down!," Public Spend Forum, November 23, 2016, <https://www.publicspendforum.net/blogs/tammy-rimes/2016/11/23/reverse-auctions-turning-the-procurement-process-upside-down/>.

50 "U.S. Forest Service: Moving Land Permits Online," 18F: U.S. General Services Administration, accessed May 1, 2019, <https://18f.gsa.gov/what-we-deliver/forest-service/>.



incentive funding available to contractors based on scores over a number of performance measures.⁵¹ This practice, which started as a pilot, has been so successful that Boston is now planning to use similar methods for all of its annual capital contracts.

Each of these strategies offer governments the opportunity to change the business of procurement as usual, introducing innovation and recasting procurement as a process that can drive strategy rather than simply ensure compliance.

51 Government Performance Lab, “Driving Better Outcomes for Road Repair and Maintenance in Boston, Massachusetts” (Harvard Kennedy School of Government, 2018), https://govlab.hks.harvard.edu/files/govlabs/files/boston_ma_asphalt_resurfacing_project_feature.pdf.



Case Studies: Success Stories in Collaboration

There is a clear set of tradeoffs that procurement officials face when deciding whether to run a solicitation process or make a purchase off of an existing government contract. For one, as laid out in the discussion of cooperative purchasing practices, using a contract administered by a national cooperative will almost certainly save an agency time in conducting research and pulling together bid specifications. However, many of the national cooperative contracts are awarded to large suppliers with a national footprint to ensure that the supplier is able to service government agencies across the country. Regional collaboration in procurement can help strike a balance between time savings and creating an ecosystem that allows local businesses and suppliers to participate and grow their businesses. This section offers several case studies in regional purchasing collaboration.

The Kansas City Regional Purchasing Cooperative

Overview:

The Kansas City Regional Purchasing Cooperative (KCRPC) is a project of the Mid-America Regional Council (MARC), a non-profit association of governments in the Kansas City metro region, and the Mid-America Council of Public Procurement (MACPP), the local chapter of the National Institute of Governmental Purchasing (NIGP). As an organization, MARC serves as a means for 119 cities and 9 counties to discuss and build shared strategies and plans for addressing issues of regional concern, like transportation and economic development. For its part, the MACPP is an affinity group and professional network for local purchasing professionals, so there is a significant degree of overlap in membership and clear incentives to collaborate.

In 2002, MARC and MACPP established KCRPC with the goal of reducing the costs of procurement and formalizing collaboration in purchasing among public agencies in the Kansas City area. KCRPC has an Advisory Committee that provides oversight and strategic direction for the group. MARC provides the administrative support to operate and sustain the partnership through Rita Parker, the Program Coordinator for KCRPC. KCRPC collects a small administrative fee from purchases made off of a contract that the group solicits on behalf of its members.

Since its inception, KCRPC members have spent nearly \$190 million on HGACBuy contracts, and more than 71 individual agencies have purchased off contracts created by KCRPC itself. In total, KCRPC has delivered almost \$12 million in savings to participating governments. “We are saving members on their advertising costs, administrative time, and the actual costs of the good or service,”



says Parker. “In addition, cooperative contracts increase the sharing of information for current market pricing and available suppliers.”

Key Strategy or Innovation(s):

A single solicitation for multiple entities

KCRPC operates in a few different ways; in some cases, Parker will work with the Advisory Committee and other MARC members to identify shared needs and put together a joint solicitation using the aggregated demand of member agencies. According to Parker, this is primarily driven by the use of surveys and working groups which identify upcoming purchases that lend themselves to be run at the regional level.

One complication that tends to make joint solicitations difficult is the fact that public agencies, even those within the same region, have different legal terms and conditions that they include in their solicitations documents. Fortunately, KCRPC was able to pull language from an existing regional bid for a vehicle purchase and use that as a model for future solicitations. In addition, Parker states, “if a city has any additional requirements, we can merge those into our documentation to ensure all of their requirements are covered under our bid.”

Once demand and terms and conditions are established, KCRPC runs a competitive solicitation in much the same way that an individual government entity would, while ensuring that the awardee is able to service the members that signaled their interest in purchasing the good or service. KCRPC then makes the contract and solicitation documents available on their website, and members, even those who did not participate in the original bid, are able to make purchases using the contracts at the negotiated terms without running their own individual solicitations.

Strategic partnerships with other cooperatives

In creating the financial model for KCRPC, staff reached out to several national cooperative organizations to understand common administrative fees and the workflow processes necessary to administer cooperative contracts. Through this work, KCRPC connected with the Houston-Galveston Area Council’s cooperative purchasing program, commonly known as HGACBuy. HGACBuy is commonly known among purchasers, and is often cited as a strong source of contracts for vehicles or heavy machinery, like fire engines or ambulances.

At the time, Parker says, HGACBuy was looking for a pilot partner to assist with the marketing of their contracts, and KCRPC served as the first agency to formalize that relationship in 2005. Today, KCRPC continues to connect MARC members with contracts from HGACBuy, while HGACBuy



handles the processing of purchase orders and tracks contract usage. KCRPC then receives a portion of the administrative fees for all purchases made by MARC members on HGACBuy contracts. The partnership has been incredibly beneficial to both parties,; as noted earlier, MARC members have spent nearly \$190 million on HGACBuy contracts since KCRPC was founded.

Contract aggregation and research assistance

In addition to running joint solicitations, KCRPC asks MARC members to submit their contracts containing cooperative language. Although KCRPC is not able to compel members to participate, KCRPC maintains a database of the submitted contracts, including solicitation information, and other documentation needed for legal diligence purposes. As a result, members can easily access available contracts to see what neighboring agencies have purchased, whether they are looking to buy directly off of the contracts or simply view the specifications that were included. Recently, KCRPC replaced its own database with CoProcure, a searchable database of cooperative contracts from across the country, to make even more contracts easily accessible to members.⁵²

In her role with KCRPC, Parker also provides research assistance to members looking for a cooperative contract, even if the relevant good or service is not available through KCRPC. According to Parker, “sometimes, agencies are looking for a contract that might be held by a certain supplier to provide a continuous service, or to maintain the consistency in the service that they expect.” If KCRPC and HGACBuy do not have a contract that matches the agency’s need, Parker will turn to other options, including state and national cooperative contracts, to try to find an existing contract that the agency might be able to use.

NIGP Columbia Chapter’s Intergovernmental Cooperative Purchasing Group

Overview:

As noted earlier, the National Institute of Governmental Purchasing (NIGP) is a national organization that supports public procurement officials across the United States and Canada in a number of ways. In some places, procurement staff and officers have formed local chapters of the NIGP that bring together purchasers from a number of different government entities within a given region. Founded in 1983, the Columbia Chapter of NIGP serves the Portland Metro area in Oregon and includes more than 100 government entities among its membership.

⁵² KCRPC’s new search tool using CoProcure is available at <http://marc2.org/assets/kcrpc/index.htm>



In 2006, the Columbia Chapter formed the Intergovernmental Cooperative Purchasing group (ICP group) to promote the idea of cooperative purchasing and the sharing of contracts among members. The ICP group is a formal part of the Columbia Chapter and has Co-Directors that serve three-year terms. Currently, the ICP group is co-directed by Annie Teav, Strategic Contract Sourcing Specialist with Multnomah County, and Cate Antisdell, Procurement Analyst with Portland Parks and Recreation. Together, Teav and Antisdell handle the administrative responsibilities of running the group, including planning and running the bimonthly ICP meetings, identifying innovations and partners to increase the group's efficacy, and bringing together thought leaders and representatives from national cooperative groups to speak about trends and best practices.

The ICP group provides a forum for members to collaborate in a number of ways, including the opportunity to share and use existing contracts to save administrative costs. According to Teav, “we [the members of ICP] recognize that there can be a huge time savings if a solicitation conducted by another public agency and a resulting contract with cooperative language is out there to utilize. If we do our due diligence to vet that a cooperative purchase meets our requirements and we believe that we can responsibly and appropriately use it, then we should do so and then use the time and effort saved on that to work on more complex purchases.”

Key Strategy or Innovation(s):

Aggregation of contracts from a number of different sources

As a service to its members, the ICP group created a spreadsheet that includes cooperative contracts that were either created or used by member agencies. Several major national cooperative groups have provided the Columbia Chapter with a list of available contracts which are supplemented by local members who submit their own contracts suitable for piggybacking. Although individual agencies must still do their due diligence to ensure a given contract will work for their agency, the spreadsheet significantly shortens the research process and provides contact information all in one place.

This is novel for a few reasons; first, most purchasers agree that there are very few places where they can go to view cooperative contracts from multiple sources all in one place; the ICP Group spreadsheet houses contracts from nine national sources, the State of Oregon, and several local entities. Purchasers and procurement staff can now make a more efficient and informed decision about which contract works for them, and with a recent upgrade to CoProcure's searchable database, the contracts are now keyword searchable and include a number of the supporting documents to assist in due diligence processes.



In addition, the regional collection of contracts allows purchasers to find cooperative contracts with local suppliers, as opposed to national corporations. Frequently, by the time a purchaser gets involved, an agency will be looking for a contract with a particular supplier to provide a good or service. According to Antisdell, “local cooperatives are so useful because if Multnomah County has a contract that I can piggyback off of with a specific architect or plumber who is also a small local business and met all of the requirements of the bid, think how much time we save not having to duplicate another agency’s efforts and how much cost we’ve saved that small business owner from having to respond to multiple bids.”

Regular forum for sharing of information and coordinating efforts

In addition to maintaining a cooperative contract list, the ICP group also holds regular meetings with members and encourages purchasers to network with one another, either in person or via email, to troubleshoot a difficult purchase or share best practices. The meetings are an opportunity to not only discuss local procurement issues but also to learn more about the state of cooperative purchasing more generally. “We’ve had some really great opportunities to have experts and cooperative consortium leaders come out and give their time to us,” said Teav.

Over time, the ICP group meeting schedule has shifted, but members still maintain regular contact with one another and serve as advocates for the importance of collaboration in purchasing with their respective agencies. “Even when we are not meeting, we communicate with one another knowing we have each other to bounce ideas and experiences off of,” said Teav. “Our members really understand the value of cooperative language in their contracts and can push their agencies to ensure it is included.” In many ways, the ICP group has changed the conversation around purchasing for many agencies in the Portland area and is creating an environment where agencies feel comfortable sharing and collaborating with one another.

Southeast Florida Governmental Purchasing Cooperative

Overview:

In 1991, the Southeast Florida Chapter of NIGP created the Southeast Florida Governmental Purchasing Cooperative to foster collaboration and the sharing of information among government entities in the region. Since that time, membership in the cooperative has grown to more than 50 public agencies in Broward, Miami-Dade, and Palm Beach Counties. This membership is composed of agencies of all types, including cities, towns, public utilities, and law enforcement, among others.



To achieve volume savings and reduce the administrative burdens facing each member, the cooperative has divided up purchases for several common commodities and services, allowing a single agency to run each bid on behalf of the whole cooperative rather than having each member run their own individual solicitations for shared needs. In order to facilitate these purchases and surface member needs, the cooperative holds monthly meetings administered by elected Chair and Vice Chair positions. A Corresponding Secretary manages communication between members and distributes surveys that help the bidding agencies collect bid quantities and specifications from other public agencies that wish to participate.

Member agencies can buy off the contracts created by other cooperative members with confidence, knowing the solicitation satisfied their local requirements. In addition, given that efforts are made to collect desired quantities from all interested members up front, suppliers are likely to provide lower unit pricing than any one agency could access on its own. However, perhaps the most important benefit the cooperative provides is the immense savings in terms of administrative time. Keith Glatz, the Purchasing and Contracts Manager for the City of Tamarac and a member of the cooperative, says about the time-savings, “if I had to purchase on my own everything that the cooperative now handles, I would need at least two additional staff.”

Key Strategy or Innovation(s):

Division of labor and coordination of individual agency purchases

Only agencies in Broward, Miami-Dade, and Palm Beach Counties are eligible to participate in the cooperative, and if a government wishes to use one of the cooperative’s contracts to make a purchase, that agency must also be willing to run at least one solicitation or perform some other service on behalf of the group. In part, according to Glatz, this is aimed at eliminating the free-rider problem and ensures that all agencies are contributing something back to the group.

This approach is unusual in the realm of cooperative purchasing, where the focus is usually on marketing existing contracts or aggregating demand for a purchase. While the cooperative certainly assists agencies in aggregating demand, its most useful function is in dividing labor across multiple member agencies and avoiding redundant solicitations. Every member has a role, and rather than seeking out a potential cooperative solution each time a new purchase needs to be made, members know exactly who to contact and can move directly to buying off a contract their neighbor negotiated. In many ways, the cooperative functions like a single purchasing office that handles the administration of specific procurements on behalf of all of its members.



Organized, facilitated, and frequent communication between purchasing officers

In any collaborative environment, it is important to ensure there are clear points of contact or staff who feel ownership over the process and can drive the collaboration forward. This is particularly true in procurement, where many purchasers have expressed that unclear roles and responsibilities can often scuttle a joint purchase. To avoid any possible confusion, the Southeast Florida Governmental Purchasing Cooperative establishes clear lines of communication between members through the group's elected Corresponding Secretary.

The Corresponding Secretary serves as a single point of contact through whom surveys and inquiries can be distributed. For example, Glatz says, "when an agency is planning to increase quantities on a contract to make it more sellable to the vendor community, they would ask others in the group if they are interested in cooperating." In order to determine the amount of demand among members, a survey would go out to members through the Corresponding Secretary. This keeps correspondences organized and helps eliminate any uncertainty for government agencies when it comes to identifying the right point of contact. According to Glatz, "when you see the Corresponding Secretary's name on the email, it lends credibility to the message."

In addition, the cooperative holds monthly meetings that allow purchasers to discuss contracts and upcoming procurement opportunities, as well as share best practices and challenges with one another. "What we've found out is just the mere opportunity for purchasing managers to have face-to-face meetings with other purchasing managers is extremely important," says Glatz. While some members might have opportunities to connect with other purchasers at quarterly NIGP meetings, the monthly meetings of the cooperative increase the frequency and depth of those conversations.

The Strategic Alliance for Volume Expenditures (S.A.V.E.)

Overview:

The Strategic Alliance for Volume Expenditures (S.A.V.E.) was created in 1999 by a collection of public purchasers in Arizona. S.A.V.E. is a consortium composed primarily of local government entities and special districts in Arizona and was formed to find efficiencies and provide a means of communication and information-sharing for those in local government purchasing. The group is free to join and enables improved cooperation in a few different ways.



First, members are encouraged to include cooperative clauses in their contracts that allow other S.A.V.E. members to utilize them. This helps S.A.V.E. agencies reduce the administrative time required to move from the identification of a need to making an actual purchase. In addition, S.A.V.E. members will frequently issue notifications to members in advance of upcoming purchases to determine whether there is utility in aggregating demand to save money on the purchase. Members can provide the requesting agency with needs estimates which are then rolled up into a single solicitation.

Within the last few years, the City of Mesa moved to take ownership of the administration of S.A.V.E. and now provides a user-friendly member site that lists existing contracts and provides members with a forum to discuss issues or share best practices. According to Matt Bauer, Procurement Administrator for the City of Mesa, “S.A.V.E. helped open the door to show everyone that other agencies are buying the same things, and it just doesn’t make sense for us not to try and work together to purchase items that we all buy on a regular basis.” Today, S.A.V.E. has grown to include more than 300 local agencies of all types from across the State of Arizona and continues to build its database of cooperative member contracts.

Key Strategy or Innovation(s):

Forum for discussion and sharing

One of the clear benefits of S.A.V.E. that has emerged as membership has increased, and technology has evolved, is the way it has fostered communication between members. For several years, members communicated with one another via an email listserv where an individual could raise an issue or ask a question of the larger group. While email is still used, in part, to gauge interest in joint solicitations, a few years ago, the City of Mesa introduced a discussion forum when it launched the new S.A.V.E. website.

According to Kristy Garcia, Senior Procurement Officer with the City of Mesa, the forum improves upon the previous email listserv because it allows all members to view a history of replies so everyone can see if an issue has come up before and whether another member shared their experiences or suggestions. As a result, the forum is an incredibly valuable resource for peer-to-peer sharing, particularly when members need a quick answer for an upcoming purchase or contract amendment. “A lot of times, this is where agencies will need S.A.V.E. the most; it has become a positive communication channel that wasn’t available before,” says Bauer.



Facilitation of joint solicitations

Initially, one of the core missions of S.A.V.E. was to help members achieve cost-savings by making it easier to run joint solicitations. From a legal perspective, S.A.V.E. paved the way for this coordination by creating an intergovernmental cooperative agreement that outlined the roles and responsibilities of those running the solicitation, as well as those that decided to join. As a result, a S.A.V.E. member that is running a solicitation for a commonly-purchased good or service will often notify the group to ask if anyone is interested in joining the solicitation. This offers members the opportunity to buy something through a competitive process that they do not need to administer themselves, and although it ultimately can be difficult for the lead agency to collect the myriad requirements of members, there is often a resulting cost savings due to the increase in demand.

Accessible contract listing for purchasing or research

When making a purchase, S.A.V.E. members are encouraged to be transparent with the supplier community and include an explanation of S.A.V.E. in the solicitation and contract that allows suppliers to opt into providing the negotiated terms and conditions to other members. Those suppliers that opt in can then have their contracts displayed in a database, which helps members locate and buy off of an existing contract that meets their specific needs. Although small agencies are most likely to receive a cost reduction when using the existing contracts, Bauer says, “there are times where we at the City of Mesa can find contracts from smaller jurisdictions that have achieved better terms or conditions.”

However, the utility of the contract listings is not limited to enabling purchases. For example, agencies can also fast-track their research process by finding a strong scope of work that can be modified for their own solicitation. According to Bauer, the database is particularly useful, “when we are buying something new that we haven’t bought before and can come together with a member agency that has bought that item and share lessons learned.” S.A.V.E. has created an open and transparent contracting environment where members feel comfortable sharing and borrowing from each other’s work.



Conclusion

There is no denying that procurement is complex, even for those whose job it is to navigate the process. To some extent, this complexity is necessary; after all, procurement is vital to safeguarding taxpayer dollars and ensuring public servants have the goods and services necessary to carry out their missions.

However, in compiling this guide, it became clear that many people, both inside and outside government, feel that the procurement is failing its users. Public servants want more timely access to goods and services; purchasers want the time, tools, and budgets to conduct market research and manage compliance issues; suppliers want to work with government customers, but cannot endure long sales cycles; and taxpayers want reliable, high-quality public services.

While wholesale procurement reform might be required to achieve some of these goals, there are also things that governments can do *right now* to make purchasing less painful for everyone involved. This starts with thinking about procurement differently. Procurement is too important to be an afterthought or simply a compliance mechanism; procurement is a strategic function.

Across the country, state and local governments are facing many of the same challenges, and there is a growing emphasis on sharing best practices and policy tools across jurisdictions. While this type of sharing is important and can help public servants learn about how their peers are improving the delivery of government services, it is insufficient for implementing these solutions at scale. Procurement offers the opportunity to fast-track implementation and achieve policy goals across a network of local governments.

This guide presents a number of ways elected officials and administrators can elevate procurement practices and policies to help governments learn from one another and move quickly to implement the best of each other's policy solutions. By fostering this type of collaboration, we can create a more inclusive procurement ecosystem that is a more transparent and efficient steward of public trust and dollars.