Memorandum

To: Purchasing Directors, All State Agencies, Departments and Institutions
From: Sam Byassee, State Purchasing Officer
Re: Use of Contracts Established through Cooperative Purchasing Groups
Date: 1 March 2013

During its 2011 session, the General Assembly provided authority for P&C to establish procedures for the use of cooperative purchasing agreements "if the interest of the State would be served thereby." Some of the contracts available through these groups (e.g., WSCA, US Communities, National IPA, etc.) have very effectively leveraged group buying power to obtain favorable pricing. Other contracts, however, are less attractive as an economical alternative to traditional competitive bidding process.

P&C has established an approval process that allows procurements under Article 3 of Chapter 143 to be made through a cooperative purchasing group contract on a transaction-by-transaction basis. The intent is to allow use of a cooperative purchasing contract when, under the circumstances, that method appears to provide as advantageous a result as would competitive bids. Meeting this standard should not be more onerous and time-consuming than the competitive bid process, or it would never be used. At the same time, it must provide a reasonable assessment about whether use of the co-op contract is a prudent expenditure of public funds.

Thus, the following procedure will be used for requesting approval to purchase through a cooperative group contract, which will be handled as a request for a waiver of competition. The request must include a description of the item(s) to be purchased, the co-op group to be used and the co-op contract price(s), as well as documentation in two areas:

1) Evidence that the contract to be used was entered after a competitive bid process (usually, this information is available on the co-op's web site); and

2) Recent informal quotes (within the past 2-3 months) from alternative sources, indicating that the price to be paid under the co-op contract is competitive (not necessarily the absolute lowest) with other available sources of supply. This data must allow an apples-to-apples comparison.
This procedure will allow P&C to monitor how cooperative purchasing is being utilized and will ensure that each purchase complies with the State’s strongly-held purchasing principles of competitiveness and transparency, while still giving agencies and institutions the flexibility to take advantage of already-established contracts in which buying power is (or, should be) a significant component of the price.

Note that an agency or institution is not permitted simply to join a group and then use one or all of its contracts on a blanket basis, rather than evaluating whether it should solicit competition in each instance. Such a process does not comply with the legislative mandate to determine whether “the interest of the State” is served by using the cooperative agreement. Concerning single-transaction participation in a cooperative agreement, I am not aware of any co-op group or vendor that has refused to allow a State agency to take a one-time advantage of the pricing offered the group’s agreement.