Consortia & Cooperative Purchasing

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Your Presenter

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Let’s Discuss!

- What are purchasing consortia?
- What is cooperative purchasing?
- How does this work within the procurement rules?
- Which consortia/cooperatives can I use?
- How do I contract with them?
- What else do I need to know?
What are purchasing consortia? And what about cooperative purchasing?
Defining Consortia & Cooperative Purchasing

- A **purchasing consortium** can be defined as two or more independent organizations that join together, either formally or informally, or through an independent third party, for the purpose of combining their individual requirements for purchased materials, services, and capital goods to leverage more value-added pricing, service, and technology from their external suppliers than could be obtained if each firm purchased goods and services alone.¹

- **Cooperative Purchasing** means procurement conducted by, or on behalf of, one or more entities.
  - The Model Procurement Code further defines this as procurement conducting by or on behalf of one or more public procurement units (federal, state or local government).
Purposes

• Leverage aggregated purchasing power
• Optimize competitive pricing
• Achieve process efficiencies
• Information sharing
Limitations

- “Best for All” Supply Agreement
- Not state or organization-specific
- May have longer lead time to establish
- Reduced flexibility
Where does this fall within Georgia’s procurement rules?
State Purchasing Act

- The Georgia Department of Administrative Services, State Purchasing Division (SPD), is authorized to conduct purchasing on behalf of all state entities under competitive bidding in the manner and subject to the conditions provided for in Georgia law.³

- SPD issues procurement rules which are published in the Georgia Procurement Manual (GPM) and guidance issued through Official Announcements.
  - Resources are available through SPD’s website.
State Purchasing Act

- The State Purchasing Act allows SPD to enter into or authorize agreements with private non-profit organizations or other states and their political subdivisions.

- Pursuant to this authority, SPD:
  - May utilize consortia and cooperative purchasing entities as a source to establish statewide contracts that are available to all Georgia state and local government entities; and
  - May authorize state entities to contract use consortia/cooperative purchasing entities on an individual basis subject to the requirements of the GPM.
Order of Precedence

- State entities must comply with the Order of Precedence when determining the source for needed goods/services.

- Within Tier 4, the GPM authorizes the use of SPD Pre-Approved Consortia and Cooperative Purchasing as further described in Section 1.3.4.4.
Which sources can I use?
Authorized Sources

- To be an authorized source of supply, the consortia or cooperative purchasing entity **must** be (1) a **private non-profit organization** or (2) a **governmental entity** (federal, states or their political subdivisions).
  - For-profit consortia or cooperative purchasing entities do not meet this requirement and may not be used.
- To satisfy GPM Section 1.3.4.4. Consortia or Cooperative Purchasing, the contract **must** have been **competitively bid**.
- SPD will be issuing an Official Announcement in the near future with additional guidance on the use of consortia/cooperative purchasing entities.
- Questions may be submitted to SPD via email at process.improvement@doas.ga.gov
Non-Profit or Governmental Entities
Non-profit or Governmental Entities

- **Educational & Institutional (E&I) Cooperative Purchasing**: a member-owned, non-profit purchasing cooperative serving the needs of education. Contracts are available to higher education, K-12 and related communities.

- **General Services Administration (GSA)**: a federal government agency providing centralized procurement for the federal government.

- **Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP) Infuse**: a national cooperative group purchasing for government facilities that provide healthcare services. It was established in 1985 and is operated by the State of Minnesota, Office of State Procurement.

- **National Association of State Procurement Officials, Inc. (NASPO)**: a non-profit association that is made up of the directors of the central purchasing offices in each of the 50 states, the District of Columbia and the territories of the United States.

- **Sourcewell** (formerly National Joint Powers Alliance or NJPA): a service cooperative created by the Minnesota legislature as a local unit of government.
The US General Services Administration (GSA) is a federal governmental entity that provides centralized procurement for the federal government.

Per GSA’s website, the entity establishes long-term governmentwide contracts with commercial firms to provide access to millions of commercial products and services at volume discount pricing.

These contracts are organized in a series of schedules based on the product/service.

GSA’s schedule guide:
GSA Schedules

- IT products and services from **GSA Schedule 70** provided there is a “COOP Purch” symbol (Authorized by Section 211 of the E-Government Act of 2002)
  - To use, first check to make sure there is not a mandatory statewide contract that covers the need. Request a waiver is needed.
  - Confirm COOP Purch symbol for supplier listed on Schedule 70 (this means the supplier has agreed to extend its pricing to state government entities
  - You must comply with the consortia posting requirements of the GPM
  - You may still need to go through a competitive bidding process depending on the dollar value
  - Contract terms may still need to be negotiated

- Alarm and signal systems, facility management systems, firefighting and rescue equipment, law-enforcement and security equipment, marine craft, etc. through **GSA MAS 84** (as authorized by the Local Preparedness Acquisition Act)
  - See notes above regarding usage

- **All other GSA Schedules to facilitate recovery from a major disaster** declared by the present or to facilitate recovery from terrorism or nuclear, biological, chemical or radiological attack (Section 833 of the John Warner National Defense Authorization Act for Fiscal year 2007)
  - NOTE: look for Disaster Purchasing Program symbol to indicate supplier’s willingness to sell to state/local government for this purpose
  - See notes above regarding usage unless emergency purchase process under GPM is applicable
How do I contract with them?
Utilizing Consortia/Cooperative Purchasing Entities

Statewide Contracts established by SPD

State Entity Contract pursuant to GPM Section 1.3.4.4
Accessing Statewide Contracts

http://doas.ga.gov/state-purchasing/statewide-contracts

Statewide Contract Index
Example Cooperative Statewide Contract

Statewide Contract for Pharmaceutical Drug, Generic with Cardinal Health. This a contract available to Authorized Users through Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP) who is a group purchasing organization.
State Entity Contract with Consortia/Cooperative

- Market Research
- Prepare Documentation
- Estimate Spend
- Provide Public Notice
- Invite Market Response
- Complete Protest Process
- Contract Award (including satisfying any requirements for use of the consortia/cooperative)
Market Research

- Identify sources of supply; consider whether they are national or local.
- Consider impact to eligible Georgia small businesses.
- When considering a consortia/cooperative is available, assess the value and competitiveness of the contract compared to conducting a separate solicitation or accessing other available sources.

- Consider the scale of the competitive bid and whether it is a similar or larger scale than a competitive bid conducted by the state entity itself.
- Study the terms of participation in the consortia or cooperative purchasing contract, such as whether they permit the inclusion of Georgia-required terms, as well as whether there are prohibited terms, such as auto-renewals.
Prepare Documentation

NOTICE OF INTENT TO UTILIZE CONSORTIUM OR COOPERATIVE PURCHASING AGREEMENT

In accordance with O.C.G.A. §50-9-11, OCGA has the authority and duty to canvass all sources of supply to establish contracts for needed goods and services as well as enter into or authorize agreements with private non-profit organizations or other states and their political subdivisions. Pursuant to this authority, OCGA may enter into or authorize state entities to enter into contracts with sources of supply established pursuant to competitive bidding conducted by other governmental entities or cooperative purchasing groups. The purpose of this posting is to provide notice that the State entity named below intends to enter into a contract with the cooperative-agreed/cooperative approved supplier listed below, any supplier capable of providing the identified goods/services at the same or better value may challenge the intended contract award by filing a protest with the Department of Administrative Services. Any challenges must be received by the Department of Administrative Services. The protest must be received prior to the closing date and time identified on the Georgia Procurement Registry for this procurement.

Notice Information

Date of Notice: [mm/dd/yy]

Entity Information

State Entity Name: [Name]
State Entity Code (5-Digit Code): [Code]
Procurement Officer (AFO/CFO): [Name]

AP/CGFO Email Address: [Email]

Notice Submitted By

Name: [Name]
Title: [Title]

Telephone: [Phone]

Notice Details

Non-Profit or Governmental Entity Who Awarded Consortium Contract: [Name]
Date Consortium/Cooperative Purchasing Contract Awarded: [mm/dd/yy]
Name/Number of Consortium/Cooperative Purchasing Contracts: [Name]
Supplier(s) to Whom Consortium/Cooperative Contract was Awarded: [Supplier(s)]
Supplier(s) the Entity Will Be Using Under the Contract: [Supplier(s)]
Proposed State Entity Contract Term (Include number of renewals, if applicable): [Term]

Prepared by: [Name]
Prepared: [Date]

PHOTOCOPY OF NOTICE REQUIRED TO BE MADE FOR EACH ADDITIONAL COPY OF NOTICES REQUIRED

SPD-NI007: Notice of Intent to Utilize Consortium or Cooperative Purchasing Agreement

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Estimate spend to determine whether proposed purchase is within the State Entity’s Delegated Purchasing Authority (DPA)

- Each entity’s DPA for the consortia/cooperative process is the same as its DPA for Request for Quotes (unless the SPD Deputy Commissioner identifies a separate amount for this process)

- If above DPA, then either (1) route to SPD for posting or (2) submit a request for one-time approval to exceed DPA

Estimate Spend
Post Public Notice & Invite Market Response

- The state entity **must** comply with all requirements of GPM Section 1.3.4.4. Consortia or Cooperative Purchasing, including the requirement to post public notice to the Georgia Procurement Registry using form SPD-NI007.

- The purpose of publicizing the intended consortium or cooperative purchase is to allow suppliers to challenge a cooperative or consortium purchase prior to contract award if suppliers believe and can document that they also meet the requirements of the potential cooperative or consortium purchase at the **same or better value**.

<table>
<thead>
<tr>
<th>Estimated Value</th>
<th>Posting Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,000 - $249,999.99</td>
<td>Five (5) Business Days</td>
</tr>
<tr>
<td>$250,000 or more</td>
<td>Fifteen (15) Calendar Days</td>
</tr>
</tbody>
</table>
Complete Protest Process

- Any supplier desiring to protest a proposed consortia/cooperative purchasing agreement must file a protest with SPD
- SPD will notify the State Entity of any protest received and work towards resolution
- SPD’s supplier protest process is further described within the GPM, Section 6.5. Step 4 – Supplier Participates in Protest Process

Table 1.8
Consortia/Cooperative Procurement Sample Notice

[Insert State Entity Name] is providing public notice of its intent to award a contract to [Insert Name of Consortia/Cooperative] to provide [Insert Description of Goods/Services]. [Insert Name of Consortia/Cooperative] has been identified as the supplier for this purchase for the reasons stated in the attached Consortia/Cooperative Justification Form. Any supplier capable of providing the identified goods/services at the same or better value may challenge this determination by filing a written protest with the Deputy Commissioner of the State Purchasing Division (SPD) in accordance with the protest procedures outlined in Section 6.5, Step 4 – Supplier Participates in Protest Process. The protest must be received prior to the closing date and time identified herein.
Contract Award

- Once the protest process is concluded, the state entity may move forward with the contracting process specific to that consortia/cooperative purchasing source
- **Consult with legal staff** before signing the contract
- The State Entity should **consult with SPD as needed** for any consortia/cooperative purchasing that requires a state entity to join on behalf of the “State of Georgia”
- The State Entity should **carefully review and comply**, as appropriate, with the requirements for use of the consortium/cooperative purchasing source
  - NOTE: Use of GSA may require competitive bidding depending on the dollar amount
- Once finalized, be sure to **post the Notice of Award** to the Georgia Procurement Registry for documentation and update the posting status
What else do I need to know?
Be sure to…

- Do your research! Be sure you have confirmed the consortia/cooperative meets Georgia’s requirements. When in doubt, consult with SPD.

- If a sole source case is justified, use the Sole Source notice process and not the Consortia/Cooperative Purchasing process to provide public notice.

- SPD will be issuing additional guidance in the near future – so stay tuned!
Questions?
References


2 American Bar Association’s 2000 Model Procurement Code for State and Local Governments

3 Official Code of Georgia (O.C.G.A) Section 50-5-51

- Georgia Procurement Manual

- List of consortia identified by NIGP: [https://www.nigp.org/home/find-procurement-resources/directories/cooperative-purchasing-programs](https://www.nigp.org/home/find-procurement-resources/directories/cooperative-purchasing-programs)
THANK YOU!!