

RESEARCH BRIEF

--COOPERATIVE AND INTERLOCAL AGREEMENTS RESEARCH--

Background

Every day across the United States purchases are made by public entities without ever going through the entity's competitive bidding process. Instead, many of these purchases are made through cooperative purchases.

What is a cooperative purchase? Per the National Association of States Procurement Officials (NASPO) cooperative purchasing *"involves sharing procurement contracts between governments."* Essentially, entities work together to save time and money – via performing the bid process one time for all vs. each time for each entity – they "share" the results of the bid. From this they garner contract development savings as well as volume discounting as many organizations pool their individual needs.

- Cooperative purchasing is known by different names such as cooperative pricing, cooperative agreements, cooperative service agreements, joint purchasing programs and co-op contracts.
- A type of cooperative purchasing, interlocal agreements are also known by many different names such as inter-governmental agreements, interactive contracts, interagency agreements, joint purchasing agreements, piggyback contracts and bridge contracts. An interlocal agreement is a contract between two public entities to efficiently share resources and responsibilities. The agreement may be used for a variety of purposes, but in regards to purchasing it is often used to allow one entity to "buy off" another entity's procurement contract.

SPI's Government Research Intelligence Division (GRID) conducted hundreds of interviews with government procurement professionals in counties, cities, school districts and state agencies across the U.S. to identify cooperative purchasing agreements in use.

Research Goals

- To educate the vendor community on cooperative purchasing and to assist them in reaching the buyers, the local and state government community, to offer their products and/or services.
- To share with local and state government purchasers "what their peers are using" to make purchases, possibly identifying a new source for procurements.

Please note, our goal was not to capture "all" cooperative programs being used by state and local government procurement professionals within a given state or even target entity, but to capture a good mix to show vendors and the purchasing community alike how truly valuable this purchase option is to government entities across the U.S.

Key Findings

- Purchasing agreements from U.S. Communities are commonly used by purchasing departments. U.S. General Service Administration Schedules and the equivalent state-level contracts (i.e., California Multiple Award Schedule (CMAS)) are also commonly used at the local level.
 - U.S. Communities: <http://www.uscommunities.org/>
 - U.S. GSA: <http://www.gsa.gov>
- Regional organizations such as Western States Contracting Alliance (WSCA) and Houston-Galveston Area Council (H-GAC) are heavily used outside of their perceived territories. For example, both are used in a number of Eastern States.
 - Western States Contracting Alliance: <http://www.aboutwsca.org>
 - Houston-Galveston Area Council: <http://www.hgacbuy.org/>

- Cities and counties enter into a large number of interlocal agreements with other cities and counties in and outside of their state. The number is so large that in a few instances, the public entity refused to compile the list stating that it would take too long.

Research Methodology

A sample of 31 states was used to perform this research.

1. The entities chosen were the three (3) largest cities, counties and school districts within each state, as well as the health and human services, transportation and information technology state agencies (350+ entities total, 31 states x 12 entities per state - though some states have a centralized purchasing function).
2. An SPI researcher would then reach out to the purchasing department and would work to obtain the information below in order to identify cooperative programs in use at the respective entity:
 - a. In which cooperative programs do you participate?
 - b. Are there any contract vehicles you use regularly for your purchasing needs?
 - c. Are there any cooperative purchasing programs or contract vehicles commonly used by entities similar to yours even if you don't use them?
3. We documented the following information in Excel for each response:
 - a. Entity: city, county, school district and "other purchasing cooperatives identified." The latter was generally obtained via additional Internet searching not via phone interviews.
 - b. Entity name: i.e., Birmingham, Mobile Co., etc.
 - c. First name, last name, title, phone number and email address of those interviewed.
 - d. URL for the purchasing department.
 - e. Name of contract/program used: i.e., The Cooperative Purchasing Network (TCPN) - <http://www.tcpn.org>, Purchasing Association of Central Alabama (PACA) - http://jeffco.jccal.org/portal/page?_pageid=73,45048,73_45101&_dad=portal&_schema=PORTAL, etc.
 - f. Notes: any other comments or thoughts expressed during the interview that would be relevant to this initiative.

This research was largely conducted by telephone interviews and emails to each respective entity's purchasing department. When an agency could not be contacted by telephone or email, searches on the entity's Web site and on the Internet in general were performed in order to identify any possible cooperative purchasing agreements used.

The following assumptions were made in identifying the entities to be contacted:

1. The larger the entity, the larger the purchases both in terms of dollars and quantity.
2. An entity with more money to spend and more items to procure was assumed to be more likely to use some type of cooperative purchasing agreement based upon possible savings.
3. A larger entity is more visible to other public entities and organizations seeking to leverage the buying power of a bigger organization and therefore, more likely approached by a cooperative purchasing program or purchasing partner.

States included in research:

Alabama	Georgia	Michigan	Ohio	Virginia
Arizona	Illinois	Minnesota	Oklahoma	Washington
Arkansas	Indiana	Mississippi	Pennsylvania	Wisconsin
California	Kansas	New Jersey	South Carolina	
Colorado	Louisiana	New Mexico	Tennessee	
Connecticut	Maryland	New York	Texas	
Florida	Massachusetts	North Carolina	Utah	