



Ups

and



Downs

f Cooperatives

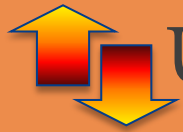
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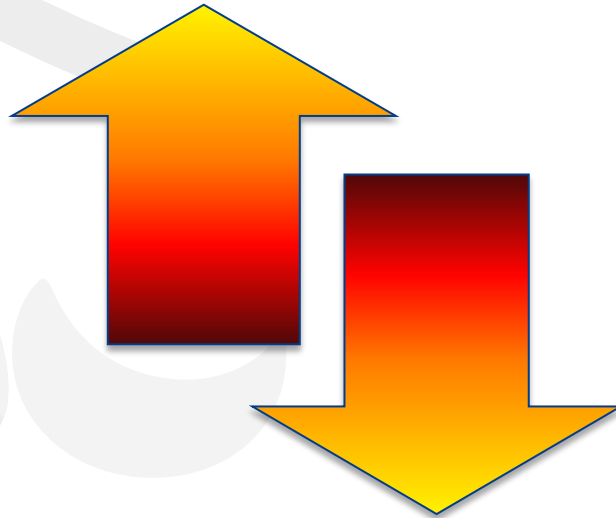


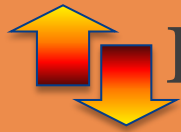
FORUM2014



Ups and Downs of Cooperatives

What is Cooperative Purchasing?

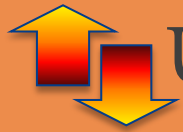




Definition

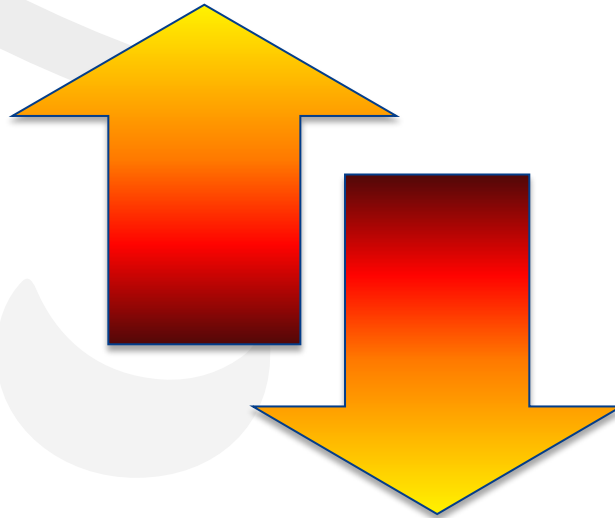
A **purchasing cooperative** is a type of cooperative arrangement, often among businesses, to agree to aggregate demand to get lower prices from selected suppliers.





Ups and Downs of Cooperatives

Types of Cooperative Contracts





True Cooperatives

Two or more organizations combine their requirements and solicit bids or offers for goods or services.





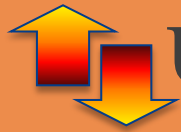
Rideable Agreements

One or more organizations represent their requirements and include an option for organizations to “ride” or “bridge” the contract as awarded.

Third Party

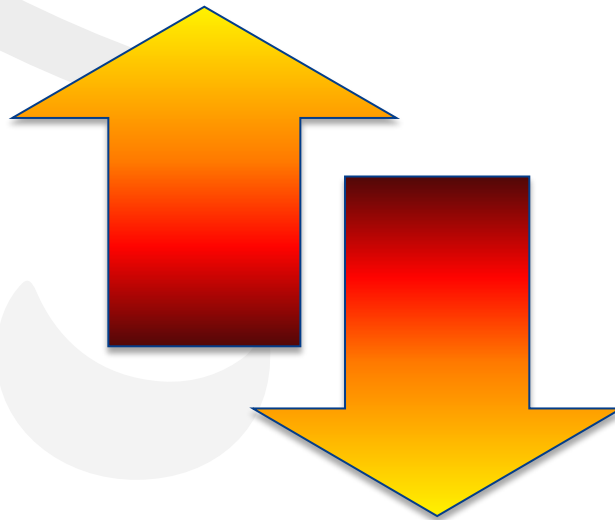
An organization brings together multiple organizations to represent their requirements and manage the resulting contract or contractor.

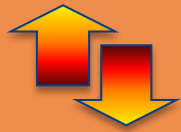




Ups and Downs of Cooperatives

Cooperative Purchasing Models





Models - Definite

Definite Quantity and Delivery

Identifies all cooperative members, respective requirements, delivery locations and schedule.





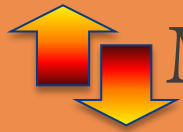
Models - Definite



Advantages: Lowest possible price



Disadvantages: Governments generally unable to predict and commit to specific requirements

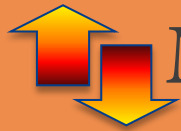


Models - Indefinite

Indefinite Quantity and Delivery

Participating members are identified and requirements are estimated with no specific purchase commitment. Pricing is often a factor of the confidence of bidders in the estimates.





Models - Indefinite

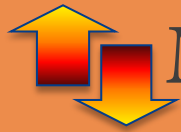


Advantages: Development of the solicitation may be easier because definite quantity commitments are not required. Pricing still based on economies of scale of multiple cooperative members.



Disadvantages: Uncertainty usually results in higher pricing. If bidders aren't confident in estimated requirements or participation, bidders may be reluctant to offer their best prices.

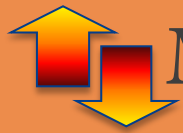




Models – Piggyback Contracts

Piggyback Contracts

- issued by individual governmental entities that allow other jurisdictions to use based on the contract terms and pricing they established.
- Must include language allowing other public bodies to use and the vendor must agree.
- The **most widely used** cooperative contracts.



Models – Piggyback cont.



Advantages: Relatively easy to administer, a wide variety of contracts available, reduces administrative costs.



Disadvantages: Since participation and usage cannot be predicted for the solicitation, cost savings may be minimal. Risky to the bidders to offer substantial discounts on unknowns. Often this type may not include terms and pricing for generic use.

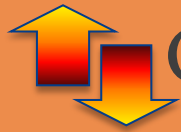




Considerations

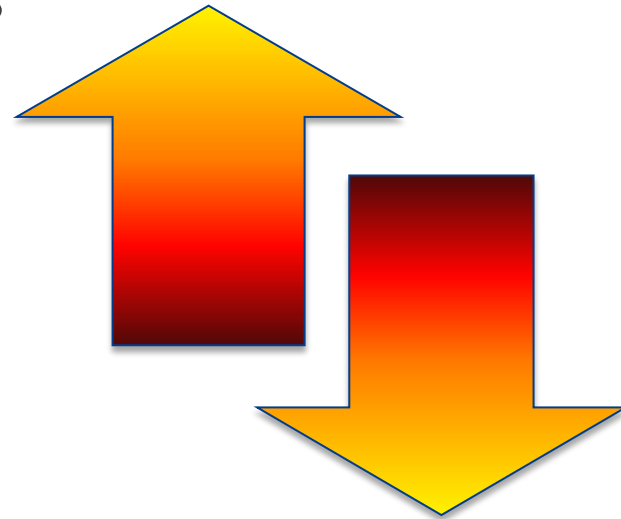
Before you purchase, consider:

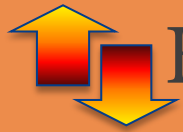
- Legal Compliance
- Buy Local Laws
- Open Competition
- Micro/Small Business Participation



Considerations – cont.

- Cherry Picking
- Terms and Conditions
- Pricing
- “Piggybacking”
- Fees



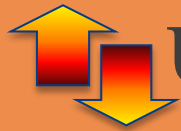


How Do I Use a Cooperative Contract?

Do Your Due Diligence

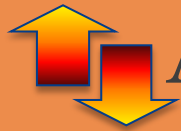
- Does the contract contain the appropriate terms and conditions that will allow my entity to use this contract?
- Does my entities needs match the contracts Scope of Work?





Use a Coop Contract? – cont.

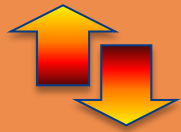
- Does the pricing schedule of the cooperative contract allow for additional users?
- Does the cooperative contract comply with the any regulations your organization may have concerning cooperative contracts? (i.e. APSPM for state agencies.)



Authority and Cooperative Contracts

Use of Cooperative Contracts is established by:

- *Code of Virginia* §2.2-4304
- Agency Procurement and Surplus Property Manual (APSPM) 3.7b

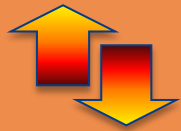


Authority – cont.

APSPM 3.7

a. Sponsoring a Cooperative Contract -

- *No state agency or institution may sponsor, conduct or administer a cooperative contract without advance approval from the Director of the Division of Purchases and Supply.*



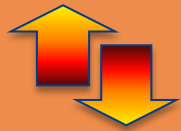
Authority – cont.

APSPM 3.7

b. Use of a Commonwealth Cooperative Contract

- *May do so without regard to authority for non-telecommunications and non-technology goods and services when all of the following conditions have been met:*
 - 1) *No DGS/DPS contract exists for the same or similar goods or services.*





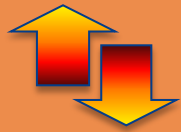
Authority – cont.

APSPM 3.7

- 2) *The contracts were awarded by Commonwealth agencies or institutions.*

- 3) *The agency participated in the RFP or IFB or the original solicitation specified that the procurement was being conducted on behalf of other public bodies.*





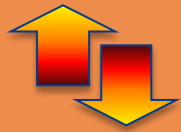
Authority – cont.

APSPM 3.7

- 4) *The contracts were posted on the eVA State Contract Listing*

- 5) *The contractors are registered in eVA and agree to the Commonwealth's General Terms and Conditions and any other terms and conditions and any other considerations for doing business with the Commonwealth.*





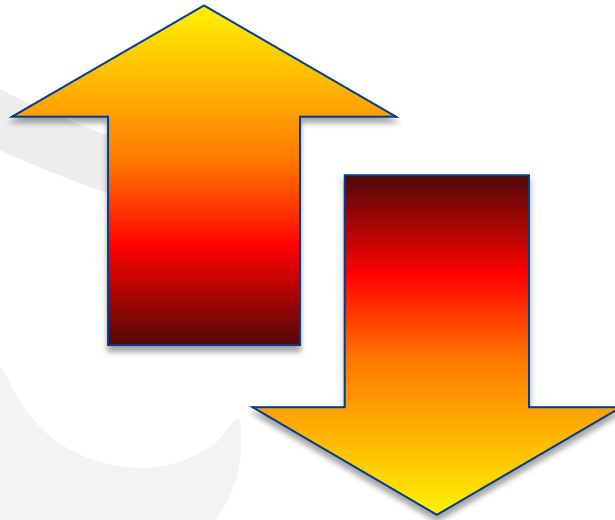
Authority – APSPM cont.

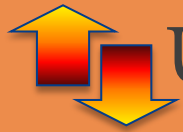
For any cooperative contract not posted on eVA, the Procurement Exemption Form shall be used to request approval to purchase from the contract.



Exercise

How would you rate this cooperative?





Ups and Downs of Cooperatives

Questions and Discussion

