

Cooperative purchasing yields improved operating results (IOR)



By Steve Hamill

Over the past few years, Americans have become increasingly critical of government and cynical about government's ability to "do good." Despite these stereotypical views and criticisms, there are many compelling examples that demonstrate how government can indeed achieve greatness. The U.S. Communities Government Purchasing Alliance applauds the dedicated government officials and employees who work tirelessly for the overall benefit of the American public. U.S. Communities' Great Government program has a goal of focusing attention on real-life examples of governments achieving greatness.

At least 48 states in the United States are facing a cumulative budget shortfall of \$166 billion, or nearly a quarter of their budgets. More than ever, government at every level is faced with the burdensome challenge of doing more with less.

This article highlights one way Great Governments have been successful in delivering efficient, effective, fiscally responsible and innovative results in the communities they serve. Great Governments continually demonstrate how incremental budget reductions and revisions to standard models of operation have the potential to close budget gaps and to achieve "improved operating results" (IOR).

IOR goes beyond fiscal issues to include new knowledge,

ideas, methods and innovations that have been used by one or more government agency to increase productivity, reduce costs and improve the efficiency and effectiveness of operations, services and programs.

A simple, yet effective method of achieving IOR is through the use of cooperative procurement. Cooperative procurement (or piggy-backing off another government agency's previously solicited contract) has been proven to reduce administrative and product costs, increase efficiencies and stretch shrinking budgets during difficult times. Cooperative procurement aggregates the purchasing power of multiple government agencies in order to drive deeper discounts on goods and services. Cities, counties, states and school districts across the country are demonstrating IOR and greatness today by utilizing cooperative procurement.

Here are some examples to demonstrate the scale of savings achieved through cooperative practices:

- Since 2006, Los Angeles has estimated savings and rebates of approximately \$1.8 million based on the purchase of \$18 million in office supplies by utilizing Los Angeles County's contract with Office Depot.
- Fairfax County, Va., also purchases its office supplies from Los Angeles County's contract and achieved rebates of nearly \$700,000 in fiscal year 2009 alone.

- When Los Angeles was outfitting 4,400 new workstations in its new police administration building, it saved more than \$13.5 million by using Fairfax County's pre-competed contract with Haworth.
- New Jersey recently adopted the Charlotte/Mecklenburg County's auto parts contract held with AutoZone. Based on a projected purchase of auto parts for state fleet vehicles and equipment of \$9 to \$10 million in fiscal year 2009, New Jersey is expected to save about \$1.5 to \$2 million by using the cooperative contract.
- Due to its budget constraints, San Antonio was recently unable to replace aging construction equipment or procure additional equipment, relying instead exclusively on renting equipment. Through the use of North Carolina State University's contract with Hertz Equipment Rental, the city is expected to derive a direct savings of \$132,000 annually or an approximately 25 percent decrease

in costs from its current rental equipment contracts.

Throughout the United States, governments are demonstrating efficient, effective, fiscally responsible and innovative ways of meeting their constituents' needs. Utilizing cooperative procurement is just one example of governments achieving IOR even during difficult times.

The Great Government program is a collaborative and living effort. We welcome input from government leaders, employees and the public at large. If you have thoughts on Great Government or would like to share some examples of Great Government in your community, we would love to hear from you. Please contact us at greatgovernment@uscommunities.org.

About the author

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About U.S. Communities

The U.S. Communities Government Purchasing Alliance is a nonprofit government purchasing cooperative founded by and currently co-sponsored by the United States Conference of Mayors (USCM), National League of Cities (NLC), National Association of Counties (NACo), Association of School Business Officials (ASBO) and the National Institute of Governmental Purchasing (NIGP). U.S. Communities assists local and state government agencies, school districts (K-12), higher education and nonprofits in reducing the cost of purchased goods by offering managed access to competitively solicited contracts between suppliers and lead public agencies. In 2008, aggregate program sales exceeded \$1.4 billion, with \$200 million in estimated savings to participating public agencies. For more information about U.S. Communities and the available cooperative contract solutions, visit www.uscommunities.org.