



# Kansas LTAP Fact Sheet

A Service of The University of Kansas Transportation Center for Road, Street & Bridge Agencies

## Learn More About Cooperative Purchasing

By Lisa Koch, AICP      Kansas LTAP

### Introduction

Procurement processes can take up a lot of time for road and bridge staff members. Writing technical specifications, reviewing bids, contract negotiations and all of the other details of this process can be frustrating. For some procurements, cooperative purchasing can provide an opportunity to ease the strain of contracting by working with other agencies. This article will introduce the concept of cooperative purchasing, describe the benefits and challenges, and offer some examples of how agencies can cooperate on procurement activities.

### What is Cooperative Purchasing?

Cooperative purchasing is the practice of sharing procurement contracts between two or more government agencies. Generally, this is done for the purpose of saving time and money in developing contracts and contracting documents, as well as enhancing the value of the contract by increasing the amount of work that will be completed by the contractor. Commonly, cooperative purchasing is done for discrete goods, such as bulk commodities, furniture, technological equipment and fleet vehicles.

There are three main types of cooperative purchasing, according to the National Association of State Procurement Officers (NASPO):

- 1) True Cooperatives: Two or more organizations work together to solicit bids for goods or services
- 2) Piggybacking: One or more organizations solicit a bid for services and include in their contract an option for other agencies to purchase off their contract
- 3) Third Party Aggregators: An organization brings together multiple agencies to manage joint bidding.

The coordination needed to develop a cooperative purchasing relationship, either a one-time relationship or a regular relationship, does require legwork. First, the governments must agree on the items to be procured. Then those entities must agree on common provisions, both the technical provisions specific to this proposal and the legal provisions that are common to all municipal proposals and contracts. This will require negotiations between the entities and potential action from the governing board, as each municipality may have differing required clauses in their contracts. Once the proposal is drafted, the entities must select a lead agency and that agency may begin the solicitation. After the solicitation is complete, the awarding of the contract by a process determined by all parties may commence. After the contract is awarded, the selected bidder enters into a contract with each government as identified in the terms of the proposal.

### What are the Benefits and Challenges of Cooperative Purchasing?

When identifying whether cooperative purchasing is the appropriate strategy for a specific procurement, it is essential to consider the process' benefits and challenges.

#### Benefits of Cooperative Purchasing:

- Lower Priced Products: Because products can be purchased at a larger scale when organizations buy together, cooperative purchasing generally yields lower unit pricing
- Reduced Administrative Costs: The ability to share the load of developing bid and contract documents reduces the overall administrative burden for all agencies involved
- Convenience: Completed processes that involve a piggyback or that are available through a third party aggregator, allow agencies to conveniently purchase goods and services.

### **Challenges of Cooperative Purchasing:**

- **Ensuring Legal Compliance:** Coordinating legal regulations of all participating governmental agencies into one bid and contract document can be challenging. If this is not done properly, the bid will be out of compliance.
- **Complaints About Open Competition:** Contractors may complain that cooperative bids keep them out of the market because the bidding opportunities are too large for their company or because the opportunities are not frequent enough.
- **Pricing May Not Always Be a Value:** A bidder who knows that the project will be a cooperative contract may embed costs due to “unknowns” such as delivery location, training needs or other potential cost overruns.
- **Cooperative Agreement Fees:** Some purchasing programs or contracts have a transaction fee for the service.

### **What are Examples of Cooperative Purchasing Programs?**

The Mid-America Regional Council (MARC) houses the Kansas City Regional Purchasing Cooperative (KCRPC), which is a third party aggregator. The KCRPC “generates new cooperative contracts and, in partnership with CoProcure, provides a one-stop-shop for local governments to find and use cooperative contracts from local, state, regional and national cooperatives.” KCRPC includes a cooperative purchasing database where interested parties can search for contracts by keyword, vendor or lead agency. In order to participate in KCRPC, a representative from the interested agency must be a member of the Mid-America Regional Council or a current member of any chapter affiliate of NIGP - The Institute for Public Procurement. For questions about KCRPC, contact Rita Parker at [rita.parker@kcrpc.com](mailto:rita.parker@kcrpc.com).

Additionally, many school districts participate in cooperatives for joint purchasing of bulk supplies. For example, Greenbush – the Southeast Kansas Education Service Center has been conducting joint purchasing for schools, municipalities and other organizations for over forty years. Greenbush has an online procurement marketplace staffed by a full service procurement team. The agency’s procurement services are open to City, County and State governments and don’t have a membership fee. Visit the website for more information about Greenbush’s services: <https://www.greenbush.org/172/Cooperative-Purchasing-Procurement>.

### **Purchasing-Procurement. Other Options**

In addition to the standard agreement of sharing contracts and/or bidding opportunities, there are other ways that governments can cooperate on procurement opportunities. This can include the sharing of procurement staff (this often occurs between a City and the County in which it resides), participation on evaluating committees, joint procurements on projects that cross municipal boundaries, providing advice or best practices, or serving as an independent party for procurement disputes. (NASPO)

### **Summary**

Cooperative purchasing is a great option for agencies seeking to procure goods or services that are commodity based. Finding partnerships with like-minded and cooperative agencies, or third party aggregators can streamline processes for frequently purchased goods bought in bulk. When entering into a cooperative arrangement, it is critical to maintain legal control of the essential provisions in the document to make certain that the bid and contract are legally sound. Failing to do this can eliminate any efficiency found in this procurement style.

## **Sources**

Greenbush – the Southeast Kansas Education Service Center Cooperative Purchasing and Procurement

<https://www.greenbush.org/172/Cooperative-Purchasing-Procurement>.

Kansas City Regional Purchasing Cooperative

<http://marc2.org/assets/kcrpc/index.htm>

National Association of State Procurement Officials Issue Brief: Strength in Numbers: An Introduction to Cooperative Procurements

[https://www.naspo.org/dnn/portals/16/documents/Cooperative\\_Purchasing0410update.pdf](https://www.naspo.org/dnn/portals/16/documents/Cooperative_Purchasing0410update.pdf)