CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.miamibeachfl.gov

COMMISSION MEMORANDUM

To: Mayor David Dermer and Members of the City Commission

Date: February 4, 2004

From: Jorge M. Gonzalez
City Manager

Subject: **REFERRAL TO THE FINANCE AND CITYWIDE PROJECTS COMMITTEE – DISCUSSION REGARDING AN AMENDMENT TO SECTION 2-369 OF THE CITY CODE RELATIVE TO THE UTILIZATION OF CONTRACTS AWARDED BY THE U.S. COMMUNITIES GOVERNMENT PURCHASING ALLIANCE.**

Currently, Section 2-369 of the City Code authorizes the City Manager to utilize contracts awarded by Federal General Services Administration, state of Florida, Miami-Dade County, or the Miami-Dade School Board, for the purchase of commodities, materials, supplies, or items.

Utilizing contracts awarded by the aforementioned governmental agencies, provides the City with an opportunity to take advantage of economies of scale, or aggregate purchasing power, which translates into lower costs to the City. The agency with the greatest aggregate purchasing power is the U.S. Communities, which combines the following:

- Combines Potential Purchasing Power of up to 87,000 Local Agencies;
- Expands Purchasing Choices Beyond State Boundaries; and
- Over **7,000** Currently Participating Public Agencies in 50 States.

The following series of questions and answers provides detail information on U.S. Communities, and why it is in the City's best interest to amend City Code to authorize the City Manager, or designee, to utilize contracts awarded by the U.S. Communities.

What is U.S. Communities?
U.S. Communities is a **nonprofit** instrumentality of government that assists public agencies in reducing the cost of purchased goods through pooling the purchasing power of public agencies nationwide. This is accomplished through competitively solicited contracts for quality products through lead public agencies.

How is U.S. Communities funded as a nonprofit instrumentality of government?
The suppliers pay a minimum 1% administrative fee to participate and this pays for operating expenses and offsets costs incurred by national and state sponsors.

Agenda Item C4A
Date 2-4-04

What are the Key Advantages of U.S. Communities?

Savings:

- No user fees
- Saves time and money
- Frees resources for other public priorities, programs and services

Competitively Solicited:

- Offers competitively solicited government contracts

Nationally Sponsored

- Founded by:
- Association of School Business Officials International (ASBO)
- National Association of Counties (NACo)
- National Institute of Governmental Purchasing (NIGP)
- National League of Cities (NLC)
- United States Conference of Mayors (USCM)
- Supported by National Network of State County & Municipal Associations

Directed by Public Purchasing Professionals

- National Advisory Board of Public Purchasing Professionals
- Guide Program Direction and Select Products
- Initiate and Manage Competitive Solicitations

What are the advantages of participating in U.S. Communities?

- Most favorable public agency pricing
- No cost to participate
- Nationally sponsored by leading associations and purchasing organizations
- Broad range of high quality products
- Aggregates purchasing power of public agencies nationwide
- Managed by public purchasing professionals

Does U.S. Communities have professional public purchasing advisors?
Yes. The Advisory Board members consist of public purchasing professionals from:

- Allegheny County, PA
- City of Charlotte / Mecklenburg County, NC
- Cobb County, GA
- Columbus, OH
- Dallas County, TX
- Denver, CO
- Detroit Public Schools, MI
- Davis Joint Unified School District, CA
- Fairfax County, VA
- Harford County Public Schools, MD
- Hillsborough School District, FL
- Hennepin County, MN
- Houston, TX
- Los Angeles County, CA
- Maricopa County, AZ
- Miami-Dade County, FL
- Naperville, IL
- San Antonio, TX
- San Diego County, CA
- Seattle, WA
- Wichita Public Schools, KS.

Can agencies other than public agencies use the program?
Yes, 501(c)(3) nonprofit agencies providing a service on behalf of a governmental entity can use the program in addition to counties, cities, special districts, schools, universities and colleges, towns, villages and state agencies.

ORGANIZATION

National Local Government.

U.S. Communities Government Purchasing Alliance has established a national structure for local government agencies to make use of their collective purchasing power and to improve the overall effectiveness of their purchasing processes:

Legal Entity.

U.S. Communities is a nonprofit instrumentality of government formed under U.S. Code, Title 26, Internal Revenue Code, Section 115. U.S. Communities is incorporated in California under the Nonprofit Public Benefit Corporation Law for charitable and public purposes and the State Seal of Incorporation was affixed May 26, 1999.

National Sponsors.

- Association of School Business Officials International (ASBO)
- National Association of Counties (NACo)
- National Institute of Governmental Purchasing (NIGP)
- National League of Cities
- United States Conference of Mayors

Advisory Board.

The U. S. Communities Advisory Board is made up of key government purchasing officials from across the United States. The Advisory Board provides leadership and overall direction for the U.S. Communities.

Advisory Board Expectations.

- Each Advisory Board Member is expected to actively:
- Participate in product bids and selection;
- Use selected products;
- Promote the U.S. Communities;
- Participate in policy direction; and
- Share expertise and purchasing innovations

COMPETITIVE SELECTION

U.S. Communities Government Purchasing Alliance employs the following competitive process in selecting suppliers:

- Advisory Board recommends a product or commodity;
- A lead Advisory Board member prepares a competitive solicitation;
- Solicitation includes language allowing other government agencies to use or "piggyback" on contract;
- Lead agency and Advisory Board evaluate proposals and complete an award;
- Participating Public Agencies ("PPA") access contract through online registration with U.S. Communities.

Lead Agency and Advisory Board monitor and evaluate supplier performance.

SUPPLIER COMMITMENT

U.S. Communities Government Purchasing Alliance asks each supplier to make three basic commitments to optimize the effectiveness of the program for government agencies:

Corporate Commitment - A commitment that U.S. Communities has the support of senior management, and that the U.S. Communities is the primary offering to local government agencies nationwide. The supplier shall make its existing local public agency clients aware of its U.S. Communities contract and upon the local public agency's request, such agency will be transitioned to the supplier's U.S. Communities contract.

Pricing Commitment - A commitment that the supplier's U.S. Communities pricing is the lowest available pricing (net to buyer) to local agencies nationwide and a further commitment that, if a local agency is otherwise eligible for lower pricing through a federal, state, regional or local contract, the supplier will match the pricing under the U.S. Communities program;

Sales Commitment - A commitment that the supplier will aggressively market U.S. Communities nationwide and the sales force will be trained, engaged and committed to offering U.S. Communities to local agencies nationwide, with a further commitment that all U.S. Communities sales be accurately and timely reported to the U.S. Communities program office.

Attached are testimonials from governmental agencies who are utilizing contracts awarded by U.S. Communities.

Based on the information contained herein, it is recommended that the City Commission refer to the Finance and Citywide Projects Committee, an amendment to Section 2-369 of the City Code relative to the utilization of contracts awarded by the U.S. Communities Government Purchasing Alliance.

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PDW

TESTIMONIALS

"To leverage our purchasing power we chose the U.S. Communities contract for all our office supply needs. We also wanted the contract to serve as our entry into e-commerce and reduce the amount of paper processed....."
Victor Westbrook
Purchasing and Contracts Manager
City of Chesapeake, Virginia

"Pierce County joined NACo in the beginning of 2003. I went to our main office supplier and asked how this would help our purchasing discount rates. The supplier informed me that several of the major product manufacturers offered deeper discounts based on a nationally bid contract for counties through NACo. One order we already placed for some workstations will be reduced by $1500 because of the discount advantage through US Communities. Other big-ticket items will see savings as well. We also can expect an additional $8,000 (10%) savings on our routine supply orders throughout the year."
Mark Schroeder
Administrative Coordinator
Pierce County, Wisconsin

"We see your organization as a strategic tool to accomplish our mission for the schools of providing the right product, at the right time, for the right price.

It is an exciting time to be in purchasing with so many dynamic changes. My observations are that all entities are working to align themselves with these opportunities. Organizational paradigms are shifting, laws are changing to address this need, and US Communities is prepared to fulfill the need. "

Deborah S. Groat
Supervisor of Purchasing
Anne Arundel County Public Schools

"We remain very pleased with our association with US Communities. The Office Depot contract alone saves us substantial sums on an almost daily basis."

Ben Guida
Purchasing and Administrative Officer
City of Madison Heights

"The City of Fort Wayne, one of the original municipalities involved in the US Communities program, continues to be a strong supporter. The City utilizes many of the available contracts, which provide an outstanding method of procurement for the City. We look forward to the growing success of US Communities!"
Christopher Hertel, APP
Director of Purchasing
City of Fort Wayne

"The U.S. Communities agreements are non-exclusive agreements that allow us the flexibility to choose to participate on any purchase that we deem it the best value for the City. We save administrative costs associated with bidding, obtain great pricing, are sometimes able to utilize local and minority firms and have the assistance of the U.S. Communities team to help us if we have any difficulties with the contracts."

Deborah Green
Administrator of Purchasing
City of Indianapolis, IN

"Having been introduced to U.S. Communities last year and having had the opportunity to implement the program, I am amazed at the time savings the program has brought into the purchasing mainstream."

Rick Morrissey
Purchasing Manager
City of Lafayette, Indiana

"The U.S. Communities Office Depot contract is a great solution for Lucas County, Ohio. As purchasing director, we rarely hear when a program is working . . . just the opposite. I've had department managers and their staff call and thank our department for making this agreement possible. I, in turn, must thank all those who made the U.S. Communities contracts possible and available to us. THANKS!"

Jan Jump
Director
Lucas County, OH

"Why reinvent the wheel? With competitively bid national contracts that provide contract management as part of the package, small to large entities can save budgeted funds and those hard to document hidden administrative costs. Purchasing staff can be assigned to other projects making this a win - win situation for both staff and the taxpayer."
Jeanette Bennet
President
Tri-County Michigan Purchasing Cooperative

"Thanks to U.S. Communities, our counties can save time by not having to issue their own competitive bids and, instead, can take advantage of well-negotiated, well priced existing competitively bid contracts. For each county that can add up to significant savings; collectively, that means counties in our state —— and elsewhere —— can save an enormous amount of time and money."

Leslie Walsh
Office Financial Manager
Maryland Association of Counties

"The City of La Mesa has participated in the California Communities Purchasing Program for almost ten years now and we have benefited greatly from the cost and time savings. We look forward to our participation in the U.S. Communities Government Purchasing Program and are confident that other cities will find this service a real value added benefit.

Rachel R. Levens
Purchasing Officer
City of LaMesa, CA

We are extremely pleased with the service and savings we have achieved with U.S. Communities. The discounts and the Internet capabilities are excellent."

Michael Scanlan
Senior Buyer
Hennepin County, MN

"I really like that U.S. Communities is a national program and that I have the opportunity to network with other members. The discounts are great and because contracts have already been established, I don't have to reinvent the wheel."

Carmen Ellison
Assistant Director of Purchasing
City of Denver, CO