

Sourcing Alliance Overview – Legal Authority & Procurement Methodology

What is Sourcing Alliance?

Sourcing Alliance is a collaboration of public, private, and not-for-profit contract holders (**Contract Holders**) formed for the purpose of making already-procured, competitively solicited contracts (**Master Agreements**) for products and services available to organizations that join Sourcing Alliance. Through the combined buying power of Sourcing Alliance's members, these Master Agreements offer better pricing and improved contract terms and conditions than Sourcing Alliance members can typically achieve on their own.

The Cooperative Council of Governments – Sourcing Alliance's Primary Public Sector Contract Holder

The Cooperative Council of Governments (CCOG) is Sourcing Alliance's primary Contract Holder or lead public procurement agency. CCOG makes its publicly-procured contracts available to Sourcing Alliance members. CCOG is an Ohio-based Council of Governments organized as required under the guidelines of Chapter 167 of the Ohio Revised Code (ORC), which states in Section 167.01:

That governing bodies of any two or more counties, municipal corporations, townships, special districts, school districts, or other political subdivisions may enter into an agreement with each other, or with the governing bodies of any counties, municipal corporations, townships, special districts, school districts or other political subdivisions of any other state to the extent that laws of such other state permit, for establishment of a regional council consisting of such political subdivisions.

CCOG is a political subdivision and a unit of local government under Ohio law. It is legally empowered to enter into cooperative purchasing agreements and make those cooperative purchasing agreements available to political subdivisions, governmental entities, agencies of local or state governments, the federal government, private persons, companies, and not-for-profit entities across the country as authorized by ORC Section 167.03, which includes the following explicit authorities for councils of governments:

(A)(2) Promote cooperative arrangements and coordinate action among its members, and between its members and other agencies of local or state governments, whether or not within Ohio, and the federal government;

(A)(4) Promote cooperative agreements and contracts among its members or other governmental agencies and private persons, corporations, or agencies;

Through this legal authority, CCOG competitively procures Master Agreements for products and/or services in accordance with applicable public sector procurement guidelines. CCOG makes these already-procured contracts available to members of Sourcing Alliance as a Sourcing Alliance Contract Holder. **Public sector entities within and outside of Ohio are eligible to join Sourcing Alliance and utilize CCOG's competitively procured Master Agreements to the extent permitted by law in Ohio and those other states.**

CCOG's governing document is CCOG's Code of Regulations, which describes CCOG's purpose in Section 1.3:

The purpose of CCOG is to develop and promote opportunities for public sector entities and organizations exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "IRS Code") to improve their operations, reduce their costs, and increase their efficiencies to augment their capacity to better serve their constituents and customers. Further, CCOG is not organized for profit and will be operated for the exclusive purpose of engaging in charitable, educational, religious, and scientific activities within the meaning of Section 501(c)(3) of the IRS Code of 1986, as amended.

Section 2.2 of CCOG's Code of Regulations defines the types of entities eligible to utilize CCOG's contracts:

*(a) **Public Sector Entities.** . . . "Public Sector Entities" include, but are not limited to, political subdivisions, municipal corporations, counties, townships, villages, school districts, special districts, public institutions of higher education or training, units of government, state/regional/territorial agencies, state/regional/territorial governments, federal/national agencies, and federal/national governments, and other entities receiving financial support from tax monies and/or public funds.*

(b) **Other Entities.** Any organization that is exempt from Federal income tax under Section 501(c)(3) of the IRS Code, and any other entity if permitted under the IRS Code and other applicable law. . .

Through Sourcing Alliance, CCOG makes its established Master Agreements available to any type of entity (public, private, or not-for-profit), so long as the laws governing each entity permit it to utilize CCOG's publicly-procured, competitively solicited contracts. It is the responsibility of each public sector entity to determine whether it may join Sourcing Alliance and utilize the already-procured contracts made available by Sourcing Alliance Contract Holders, such as CCOG.

What is the Public Sector Procurement Process CCOG Follows in Establishing Master Agreements?

CCOG's procurement process follows guidelines in the Ohio Revised Code, primarily the methodology outlined in **Section 125**. These are the same guidelines followed by the State of Ohio's Department of Administrative Services in establishing piggybackable agreements commonly referred to as "State Bid" or "State Term" contracts available to all Ohio political subdivisions. CCOG generally utilizes a Request for Proposals (RFP) methodology, rather than sealed bids, as RFP's provide CCOG with the opportunity engage in negotiations with potential suppliers to achieve the best pricing and overall value for Sourcing Alliance members in the Master Agreement.

The typical CCOG public sector procurement process includes the following steps:

1. ***Authorizing the procurement process*** – CCOG's board of directors considers each new program procurement opportunity in a public meeting and votes on a resolution to authorize the procurement process required to develop a new program.
2. ***Developing a best-in-class RFP package, including scope of work and requirements*** – CCOG's procurement team works with Sourcing Alliance members to determine their specific needs and wants, engages with potential suppliers to understand the scope of products and services available in the industry, and often engages highly knowledgeable third-party industry experts to assist in designing the program requirements and final Master Agreement terms and conditions.
3. ***Identifying potential respondents*** – research the industry to identify suppliers who are potential respondents and interview those suppliers to solicit their input and expertise prior to publishing the RFP.
4. ***Finalizing and distributing the RFP package*** – CCOG publishes notice in a newspaper of general circulation for three consecutive weeks, posts the notice on its website, and proactively distributes the RFP package to all potential respondents identified during the RFP development process.
5. ***Responding to supplier questions*** – CCOG manages the question and answer (Q&A) process defined in the RFP and holds a pre-proposal meeting with potential respondents well in advance of the date when proposals are due. The Q&A period closes following the pre-proposal meeting, and CCOG develops and distributes to all recipients of the RFP a document listing the questions submitted during the Q&A period and the corresponding answers.
6. ***Receiving proposals in a public forum at the date and time specified in the RFP*** – CCOG receives, records, and opens proposals submitted in an open meeting.
7. ***Scoring the proposals*** – CCOG utilizes a three-step process proposal evaluation process:
 - a. ***Initial Qualifying Criteria*** – verifying that i) each proposal was received on time and submitted in accordance with the RFP requirements, and ii) each respondent is legally authorized to respond to the RFP and enter into a Master Agreement with CCOG if identified as the winning supplier. Any proposal failing to meet the Initial Qualifying Criteria is eliminated from further consideration.
 - b. ***Technical Proposal*** – proposals must contain a separate, sealed Technical Proposal responding to all qualitative questions in the RFP. CCOG's Technical Proposal scoring process is comprehensive; each qualitative question in the RFP is assigned a weighting on a scale of 1 to 10, and responses are scored on one of four levels (fails to meet, partially meets, meets, or exceeds). Any proposal that does not average a score of at least "meets" is eliminated from further consideration.
 - c. ***Cost Proposal*** – proposals must contain a separate, sealed Cost Proposal responding to all pricing and financial questions in the RFP. CCOG compares the pricing of all qualifying proposals and assigns the highest Cost Proposal score to the lowest price proposal.
8. ***Identifying finalists by combining each proposal's total Technical and Cost scores*** – finalists are notified in writing of their advancement to the next stage in the RFP evaluation process, and are provided a written list of questions about their proposal and requests for additional documentation developed by CCOG during the review of each finalist's proposal.

9. ***Interviewing finalists and updating proposal scores*** – CCOG interviews each finalist and revises initial scoring as appropriate based on additional information learned or clarifications made during the interview process. CCOG's final choice of supplier is based on the weighted average of the Technical and Cost Proposal scores, with the specific intent of providing a program that will enable Sourcing Alliance members to manage down the total cost of ownership associated with each particular product or service. Pricing, value-added services, and tools to manage down costs over time are the key criteria in CCOG's selection of winning suppliers.
10. ***Determining the lowest responsive and responsible respondent*** – CCOG's contract award standard is "lowest responsive and responsible" under Ohio Revised Code, and is determined based on the combined Technical and Cost Proposal scores. CCOG issues a Notice of Intent to Award Contract to the respondent with the highest total score.
11. ***Negotiating final Master Agreement contract terms*** – CCOG utilizes a standard Master Agreement template that is customized to match the specific requirements of the RFP and the terms of the winning supplier's proposal and pricing.
12. ***Authorizing the contract award and execution of the Master Agreement*** – CCOG's board of directors considers the Master Agreement in a public meeting and votes on whether to approve and authorize the execution of the Master Agreement once the Master Agreement terms and conditions have been finalized.
13. ***Ratifying the executed Master Agreement*** – CCOG's board of directors approves a resolution to ratify the executed Master Agreement in a public meeting.

Who is Eligible to Utilize the Master Agreements?

Sourcing Alliance members are eligible to utilize Master Agreements. Under Ohio Revised Code and CCOG's Code of Regulations, any public sector, non-profit, or private sector entity may join Sourcing Alliance. All fifty states have reciprocal language authorizing most public sector entities within each state to engage in intergovernmental and/or cooperative agreements with entities in other states, such as Sourcing Alliance.

How do Public Sector Entities Join Sourcing Alliance?

Entities join Sourcing Alliance by completing the Sourcing Alliance Network Membership Agreement, found at <http://www.sourcingalliance.org/join/>.

Are there any Costs or Obligations to Join Sourcing Alliance?

No. Membership is free, and Sourcing Alliance members have no obligation to utilize any Master Agreements or participate in Sourcing Alliance programs. Members may terminate their membership at any time for any reason with thirty (30) days' written notice. The purpose of the Sourcing Alliance membership agreement is to legally allow public sector entities nationwide to join Sourcing Alliance and utilize any Master Agreements, at each member's discretion, in compliance with applicable public sector procurement guidelines.

Can Public Sector Entities Purchase through Sourcing Alliance's Master Agreements without Going to Public Bid/RFP?

Typically, yes.

Every state has language allowing a public sector entity or political subdivision to "piggyback" on an already procured, competitively solicited contract. All of the Sourcing Alliance Master Agreements have been competitively solicited by a lead agency in accordance with their applicable public procurement laws and regulations, and each Master Agreement is available through Sourcing Alliance to government agencies throughout the United States, thereby saving both the individual Sourcing Alliance members and the supplier the time, aggravation, and cost of conducting yet another bid or RFP process on a one-off basis. This language is based on the lead agency's "Joint Powers Authority" or "Cooperative Procurement Authority".

The governing rules and eligibility for public agencies piggybacking on cooperative purchasing agreements vary slightly from state to state depending on each state's specific codes and statutes. Sourcing Alliance has developed a write up summarizing the relevant code in each state and how that code corresponds to the Ohio Revised Code governing CCOG to authorize public sector entities in each state to purchase through Sourcing Alliance's Master Agreements. Visit <http://www.sourcingalliance.org/public-sector-compliance/> to view and download Sourcing Alliance's summaries of the applicable legal authority in any of the 50 states.