



STATE PURCHASING

Quarterly Connection

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550 West State Street
Boise, ID 83702
(208) 332-1950
postal.idaho.gov

Copy Center
Central Utilities Building,
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550 West State Street
Boise, ID 83702
(208) 332-1941
copycenter.idaho.gov

Record Center
5327 Kendall
Boise, ID 83720
(208) 327-7060
recordcenter.idaho.gov

Federal Surplus Program
106 S. 43rd, Suite 105
Caldwell, ID 83605
(208) 334-3477 or
(800) 722-1629
fsp.idaho.gov

Mr. Bill's Blog....

Although I am not an economist, I wanted to give you my thoughts on what we might expect from future product and service pricing over the coming fiscal year.

We are currently engaged in a very interesting economic environment worldwide, nationally and regionally. The Euro instability caused by concern over economies of Greece and Spain has recently had negative impacts on the international and US markets. At this writing, it appears that markets are somewhat stabilized by actions by the European Community. The US economy appears to be improving slowly as noted by decrease in unemployment, but appears to have somewhat stalled in the April-May timeframe. The Idaho economy appears to be on the upswing, but is meeting with some downward pressure through potential layoffs from the solar and high tech areas. But, it does appear we are on a general upswing nonetheless.



Bill Burns, Administrator
Division of Purchasing

Product pricing can be heavily impacted by costs of energy (used for production and delivery) and commodities. We have seen a general decrease in the world petroleum prices due to greater worldwide political stability and some refineries that have been put back online. Natural gas exploration and availability continues to increase supply causing pricing to go down. If political stability continues, it appears that energy pricing will be stabilized for the next few quarters, with little impact to costs. With the exception of copper, commodity prices currently appear stable.

For purchases managed through the Division of Purchasing, my most recent data suggests that the state spends around 80% of its monies on services. The driving factor for service cost is people...those with the right skill sets to support the service requirement. With national unemployment still hanging around the 8% mark, it appears that service costs may also be fairly stable in future months with an available supply of human capital.

As this is a national election year, my perception is that we will not see major new federal programs forthcoming through end of year legislative action. Therefore, I don't see this as an area that will impact product or service prices paid by the state.

With all that said and given we don't see any major national or international disasters (politically, financially or militarily), my contention is that prices paid for goods and services these next few quarters should be stable, especially considering the low cost of capital. Unforeseen national and international activities can always cause our prices to change. But, again, I do not currently see anything that points to significant price escalation....and, just remember, I am not a professional economist.

Have a good summer!

Bill

Did You Know...

In the June 2012 issue of Contract Management magazine, Richard Pennington wrote an article titled: **Watching the Stars: Learning from Great Public Procurement Teams**. One section of this article is particularly significant as it highlights the work Idaho has done with Best Value and the national recognition we have received.

In this opening portion of the article Pennington goes on to say:

We can learn the essential elements of lateral leadership from the “stars” of the state and local government procurement teams who illustrate the best practices in collaboration, innovation, and project execution.

...The telescope is a useful visual metaphor for remembering to look at best practices. Everyone can learn from the “stars” in their organizations. State and local governments are fortunate to have associations that promote and recognize excellence in procurement practices. These organizations are great resources for finding stars and identifying best practices.

...The Cronin Award for Procurement Excellence awarded by the National Association of State Procurement Officials (NASPO) recognizes state projects that exemplify innovation. The award nominees are evaluated on the basis of transferability to other states, improvements in customer service, and reductions in cost and/or improvements in efficiency. The stories mentioned later in this article about the states of Idaho and Oregon are taken from last year’s Cronin Award winners.

The Art of the Question: Idaho Tackles Its Best Value Request For Proposals Process

“We realized that something was wrong here and we wanted to do something different.”
—Mark Little, Idaho State purchasing manager.

“The seeds of change are implicit in the first questions we ask.” This quote from a book on whole-system change through appreciative inquiry affirms the importance of inquiry to any continuous improvement system. Practicing the “art of the question” by asking real questions remains a key to effective change.

In 2008, the Idaho Division of Purchasing began asking questions to improve the success rate of and decrease risks associated with service procurements. With service procurements approaching approximately 80 percent of the state’s strategic spend, there was increasing risk from not selecting the right experts (contractors) needed to attain acceptable service over the contract life. Evaluators with far less expertise and experience than the vendors were spending more and more time in proposal evaluations.

Mark Little, Idaho’s State purchasing manager, had seen a presentation describing a new approach developed by Arizona State University’s Performance-Based Studies Research Group, which had developed a best value Performance Information Procurement System (PIPS) that proved to be extremely successful in construction projects. PIPS identifies the vendor and vendor personnel best suited for the project (the experts) while providing an environment that permits them to be efficient and succeed without increasing costs. Little thought PIPS had potential for use in applications other than construction and started discussions with ASU.

Two primary hurdles came to bear: (1) how could the State of Idaho overlay this process on top of state statutes and make it work in the non-construction public arena, and (2) how could the state engage the new process throughout the state and with the vendor community? The state's Office of the Attorney General helped answer the first question: PIPS could be implemented consistent with state law.

The PIPS system is characterized by the use during evaluation of “dominant information”—i.e., past performance and abbreviated risk minimization plans. Proposals are less than 10 pages in length, as opposed to the dozens of pages often filled with information that is less useful in selecting vendors. Initial evaluations are blind with respect to proposer names or other identifying information on the submittals. More evaluator time is spent in interviews, contract risk minimization, pre-planning, and validation of contractor-provided materials. Evaluators spend considerably less time wading through proposal content that does not represent a true differentiator. Moreover, the vendor is able to understand more about the state program's needs.

The overall process is performance-based and permits the state to concisely define goals and let suppliers apply their expertise in fashioning a specific approach to the work. Recurring reporting of service contract metrics and milestones over the course of the contract life is a key part of the process.

The state has used the PIPS system for several large procurements. PIPS was used to procure a statewide university student health insurance system, inmate medical care, a major food services program, an asset management program, a child support receipting provider, and an automated motor vehicles business management system.

Mark Little has been candid about challenges in using the process. PIPS has been a major process change that met with some resistance by agency users and contract managers because of the perceived risk. The purchasing staff and agency evaluators had to be trained in the new process. In the IT area, IT project managers give up some of the control they have traditionally exercised in projects.

Despite expected challenges in learning a new procurement model, Bill Burns, the administrator of the Purchasing Office, was sold on PIPS. In his words: “This may be the most significant process improvement that I have seen in state government. By asking the question, “what if?” the state started the process of change. And if inquiry is the spark that motivates change, a compelling purpose is the compass that guides the effort, as the State of Oregon has demonstrated—at least twice!



New...and On the Move & Kudos Too!!!!

Who is “New”?

Renee Andrako, Contact Specialist, ITD - Before taking this position, Renee spent many years with MPC. She is currently attending University of Phoenix to complete her degree in Supply Chain Management.

Rachelle McCoy, Supply Operations Supervisor, ITD District 3 - Rachel has 12 years of purchasing experience in the private sector.

On the Move

Jaime Zolber, Purchasing Supply Support Manager, ITD & Karen Zolber, Supply Operations Supervisor, District 3 ITD - both retired in the month of April.

Kevin Voss, Buyer, DHW - Kevin has accepted a new position of Sr. Buyer with the Tax Commission replaced Kathy Paul who retired on June 13th.

Making Cent\$ - Utilizing State Contracts

Purchasing Card Services

The only information that we can provide at this time is that we are in the pre-award phase. We should be able to release more information in the coming weeks.

Electronic Equipment Installation Services for Emergency Vehicles CPO02026

This contract expires September 30, 2012 and is currently in development for rebidding. The new bid should be on the street sometime in June which will allow enough time to get a new contract in place when the current contract expires.

Bulk Fuel and Heating Oil Contracts

These contracts expire September 30, 2012. We will be rebidding them this summer.

Propane Contracts

These contracts expire August 31, 2012, but will be renewed for another year.

Vehicle Contracts

These contracts will rebid as soon as we get pricing availability for the manufacturers. There are several new models and several discontinued models 2013. Pricing and production schedules have not yet been published.

Other Contracts Being Renewed

The following contracts are in the process of being renewed for another year:

- Facilities MRO, Grainger, Fastenal & North Coast Electric
- Automobile Rentals, Enterprise & Hertz
- Fuel Card, Comdata
- Small Package Delivery, FedEx & UPS

Statewide Ammunition

The current contract, SBPO1225 expires June 30, 2012. The Invitation to Bid on this contract closes June 11, 2012.

Statewide Paper & Plastics

The current contract, SBPO1256 expires October 8, 2012. On June 1, 2012, Division of Purchasing issued an Invitation to Bid to establish a new contract to be effective October 9, 2012. Bids are due July 19, 2012.

Also regarding SBPO1256 with Gem State Paper & Supply Co., the following is just a reminder of how the contract works:

Items listed on Schedules A through F are mandatory purchase items on the contract. For instance, if you have a need for a 1 oz. translucent plastic portion cup, then you must purchase item C-1 on Schedule C from Gem State Paper & Supply Co.

Also included in the contract is Gem State Paper & Supply Co.'s catalog. Paper & plastics, cleaning supplies, and plastic bags and liners not listed on the Schedules may be purchased from Gem State Paper & Supply Co.'s catalog. Agencies may purchase those items from other sources; however, agencies should still check the catalog for discounted pricing. All items not specifically excluded from the contract, may be purchased from the catalog at a 30% discount!!!!!!!!!!

Additionally, there are other **DISCOUNTS** available that agencies may be able to take advantage of. For more information, please go to the statewide contracts website and click on the SBPO1256-12 link. See the discounts listed on the 25th page of the document.



Need Something Printed Quickly??



The State Copy Center is conveniently located at 550 West State Street, in the basement level of the parking garage. Utilizing state-of-the-art digital equipment, the Copy Center has the ability to provide a full range of copy and binding services with the ability to work from either hard copy originals or digital files.

For more information on the variety of services available go online to copycenter.idaho.gov or call Val at (208) 332-1941.



Mail Services - Open House & Results

On May 18th, Postal Services and the Copy Center hosted a very successful Open House for more than 60 attendees to showcase the new equipment and technology acquired by both departments.

Postal has several new pieces of equipment, such as a four station inserter, flat sorter and folder. All of this equipment is designed to expedite the processing of the State's mail. Since the Open House, both Postal and Copy have seen a significant increase in the volume of work they receive.

Additionally, Val Peterson gave a Copy Center presentation to the people at Commerce & Tourism in May that was very well received.

Federal Surplus Has What You Need

Who has everything from adapters to zippers? FSP, that's who!!!!

Come check out the new and improved Federal Surplus Property (FSP). We are located at 105 S. 43rd Ave, Ste 105 in Caldwell.

You can check out our inventory on our webpage at fsp.idaho.gov, and the select "list of items" to search inventory on hand. We have tools starting at \$0.50 on up, and vehicles ranging from carts to 5-ton trucks. Everything moves fast here!

If you want to get on our distribution list let us know so that you receive updates when new items arrive! Spread the word to our cities, counties, schools and tax supported agencies on the bargains available at FSP. You save money, they save money, so the taxpayer saves money!!!!



Statewide Quarterly/Business Meeting

Plan to attend the STATEWIDE QUARTERLY/BUSINESS MEETING!!!

Wednesday, July 25th, 9:00 - 11:30 AM (MST)/8:00 - 10:30 AM (PST) at a location near you!

Locations listed below will participate via video conferencing. RSVP to the contact person, and plan to attend!!!!

District 1 Headquarters

600 W. Prairie Avenue, Coeur d'Alene
 Seating is limited to 9-12 individuals
 Attendees must sign in at the front desk
Contact: Jim West
 General phone number: 772-1243

District 2 Headquarters

2600 Frontage Road, Lewiston
 Seating is limited to 12-16 individuals
 Attendees must sign in at the front desk
Contact: Sharon or Kathy
 General phone number: 799-5090

District 3 Headquarters ITD Boise

3311 W. State Street, Boise, Main Auditorium
 Seating is limited to 120 individuals
 Attendees are not required to sign in
Contact: Sherry Jenkins, 334-8088

District 4 Headquarters

216 S. Date Street, Shoshone
 Seating is limited to 8-12 individuals
 Attendees must sign in at the front desk
Contact: Dan Pierson
 General phone number: 886-7800

District 5 Headquarters

5151 South 5th, Pocatello
 Seating is limited to 20 individuals
 Attendees must sign in at the front desk
Contact: Pam Landon
 General phone number: 239-3300

District 6 Headquarters

206 N. Yellowstone, Rigby
 Seating is limited to 60 individuals
 Attendees must sign in at the front desk
Contact: Nancy Luthy
 General phone number: 745-7781

Upcoming Training Classes!!

The following training classes are scheduled through November 2012. Please review and select the classes you wish to attend. For NIGP classes please submit registration directly to DOP. For more information about each class go to: www.adm.idaho.gov/purchasing/training

DATE	LOCATION	CLASS DESCRIPTION
August 15 -17	Meridian	Contract Administration - NIGP
September 25 & 26	Meridian	IPro/Sicomm Training - DOP
October 12	Meridian	Ethics - NIGP
November TBD	Meridian	Protests and Disputes - NIGP
November 15	Meridian	Intro to Public Procurement - DOP

REGISTRATION INFORMATION:

You can register for one or all of the classes at the same time. Specific training room sites will be announced as we fill classes. For the NIGP classes, please submit registration forms directly to Bonnie.Sletten@adm.idaho.gov.