

BuyLines

Quarterly **DAS** Procurement Update

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Helping to Keep DNR Afloat

As an executive from the Department of Natural Resources said, "I think that my eyes may have been bigger than my budget." Nevertheless, DNR had an imminent need to purchase a large lot of boats before the end of FY2011 in order to utilize important funding and begin to update an aging 'fleet.' And, although the original 'wish list' was for 22 vessels, the agency settled for 18 boats, trailers and motors and saved thousands of dollars in the process.

Putting a diverse order together with such a short timeline was a significant challenge that required working closely with five separate dealers and four different manufacturers. In one instance, a manufacturer conducted a special production run to build a boat that met specific needs. Combined with an existing

purchasing contract for boat motors, the State was able to save nearly \$15,000 on the purchase of that particular boat, trailer and motor. By providing such a competitive bidding environment, DAS-Procurement was able to ensure the best possible savings on all of the other units as dealers would offer opportunities on additional brands, models and package solutions.

Although dealers weren't accustomed to certain rules of public procurement – such as allowing for a five day appeal period – the overall effort to assist the Iowa DNR in achieving its mission was a tremendous success that was fueled, in part, by a very positive agency-to-agency process centered on shared expectations and goals.

The Challenge of Dealing with Price Increases

It appears that the cost of all purchased goods is on the rise and that all manufacturers are trying to pass along increases to their customers - including The State of Iowa. But appearances can be misleading.

In purchasing, it pays to take notice of the price indices of particular commodities and to understand that, for example, plastic prices are significantly impacted by the cost of oil because the resins used in manufacturing plastics are petroleum-based. There are many raw materials that may affect pricing that are not always immediately apparent. For example, increasing energy costs affect almost everything as transportation costs

are always present somewhere in the supply chain.

It may seem that you are fighting a losing battle when your supplier shows you how the raw material costs for their products have increased significantly and they must pass on this increase to you, the customer. But, when you ask the right questions, the burden of proof lies with the supplier and, while you may end up with an increase, your chances of reducing or even holding pricing at the same level are greatly increased if you are able to apply a little pressure on your supplier.

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BuyLines is a quarterly publication from the Procurement Services division of the Iowa Department of Administrative Services. Its purpose is to inform Iowa state purchasing employees on developments and upcoming events that affect purchasing. For more information you may visit our website at <http://das.gse.iowa.gov/procurement/>

Your input is always welcome. Please contact the editor at Robert.Bailey@iowa.gov or 515-281-7056.

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Did You Know?

DAS Procurement purchases food supplies for various agencies – most of which are stored in a warehouse facility in Woodward. Here's a summary of some items purchased in the most recent year:

7,600 gallons of picante sauce

67,500 pounds of dry pinto beans

72,000 cans (7,632,000 ounces) of diced peaches

124,000 pounds of frozen cut broccoli

511,488 strawberry fruit & grain bars

193,536 Crispy Rice marshmallow bars

Price Increases

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Here are a few statements you might hear from a supplier:

- Our raw material costs have gone up and we have to pass this on to you.
- We increase our costs by 3% every year to account for the cost of living increases.
- We've held the same prices for the last 3 years and now we have to pass along an increase.

Some possible responses to the supplier when they are suggesting an increase might be:

- Please provide the supporting data to justify your increase.
- Please provide copies of your invoices indicating the price paid as well as the dates on the invoices showing when the increases were first invoiced.
- Our annual usage has increased and we are expecting a decrease in price.
- What has your purchasing department done to counter any increases passed on to you?
- Have you been ordering larger quantities in order to get price breaks and offset the raw increases?
- Have you considered reducing your margins?
- Did you foresee the increases coming and order a surplus in an attempt to wait out the raw increases? If so, when will you have to start using the higher priced goods and wouldn't that be when you would pass on the increase?

- Have you looked at process improvements on your manufacturing lines – such as speeding up the lines, larger lot runs or time studies to shorten your cycle times - to offset increases?

Some suppliers will claim that their raw materials are on the rise but the index for that commodity may not support this position. And what index is being referenced? There are so many! So, it doesn't hurt to double check or request that they provide the data they're using to justify their increases.

DAS Procurement uses a "Vendor Renewal Assessment Survey" (Survey Monkey) that asks the vendor if they want to renew the contract under the same terms and conditions and if they are aware that a price increase may result in the rebidding of the goods or services. This is a subtle way to let the current supplier know that an increase could result in a rebid which, in turn, could lead to the loss of the business to a competitor.

There is nothing wrong with negotiating to cut costs or hold pricing prior to a renewal and to go back and forth a few times before settling because, as purchasing professionals, it is our job to do what is in the State's best interest. It is, however, always important to present your case in a professional and respectful manner when dealing with the supply base.

DAS Procurement Nears Cost Savings Goal

Contrary to some public opinion, the State of Iowa is not a cash cow. While it's true that the State spends many millions of dollars every year for everything ranging from apple sauce to maintenance for telecommunications towers, the diligence of procurement professionals to get the best possible deals leads to considerable savings for the State. Currently, DAS Procurement is working towards a goal of discovering \$2 million in additional savings/cost avoidances for calendar year 2011 and are well on their way to reaching it.

Specifically, the procurement team is focused on three basic categories:

- Specific amount below budgeted amount
- Specific action such as refusal of price increases from vendors, early payment discount, negotiations and best and final requests
- Computing the average price of the bid versus the low bid

Currently, savings achieved total \$1,302,699.50 and the chart, below, tallies the savings for the three categories. Of particular interest is the savings realized through the action of procurement professionals:

\$212,570 has been saved from rebidding, utilizing state contracts vs. agency-specific contracts and renewing with negotiations;

\$19,308 has been saved by refusing to increase price when the contractor requests an increase, and;

\$5,228 has been saved through service rate reductions.

Every bit helps and the effort by DAS Procurement to save money for the citizens of Iowa through negotiations and a commitment to strike the best possible deal is showing real results.

SUMMARY COST SAVINGS/COST AVOIDANCE	
GOAL \$2,000,000.00	
COST UNDER BUDGET	\$757,570.65
SAVINGS AS A RESULT OF ACTIONS	\$237,107.73
AVG PRICE OF BID - LOW BID	\$308,021.08
STATUS	\$1,302,699.46

Learn More About Insight Public Sector Contracts

The State of Iowa currently has five contracts established with Insight Public Sector:

3713-10	Is for in-vehicle (onboard) digital video equipment
B27162 WSCA IPS	Is for purchasing Fujitsu products through the Western States Contracting Alliance (WSCA) contract
B27172 WSCA IPS	Is for purchasing Panasonic Toughbooks through the WSCA contract
CT2979X	Is for purchasing software
RQ09-997736-42B	Is set up through a cooperative purchasing agreement with U.S. Communities and its intended use is to allow agencies that have purchased software through other agreements (CT2979X) to procure services for that software, if needed.

If you have questions, please contact one of the IT Team Purchasing Agents:

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Upgrade Your Procurement Authority

Public procurement is no longer a clerical function performed by untrained personnel throughout a governmental structure. With the proper training, agency procurement professionals can elevate their ability to purchase goods with less oversight and fewer restrictions by becoming an Advanced Procurement Authority.

What is Advanced Procurement Authority? An agency certified by DAS as a Procurement Center of Excellence may procure non-master agreement goods for up to \$50,000 per transaction in a competitive manner. To be certified, agency personnel engaged in the purchase of goods must complete Enhanced Procurement Training.

Here are the requirements for Advanced Procurement Authority

- GSE Rules and Policies' Class = day one of the Services Contracting course
- I/3 Procurement Documents Instruction Class

- Two of three NIGP courses sponsored by GSE
 - Introduction to Public Procurement
 - Sourcing in the Public Sector
 - Legal Aspects of Public Purchasing
- Required to use I/3 for all procurement documents
- Required to use the appropriate commodity code
- Required to conduct no bid for an item already on contract
- Encouraged to use the Intent to Award letter
- Recommended to post all bids to the bid opportunities web site

An Introduction to Public Procurement seminar will be held in Des Moines September 13-15, 2011. The instructor will be Tony Reed (CPPO, MPA, Group Leader of Architectural & Engineering/Construction for the Acquisition Office for the Washington D.C. Suburban Sanitary Commission. See details and registration information on the next page.

Did You Know?

Senate File 2088 (Government Reorganization) requires any state employee managing or assisting in service contracts attend a class once a year.

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The next required, 2-day, class is August 17 & 18.

Contact your training liaison for registration details.

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2.5 hour refresher classes are also available. Contact Lois Schmitz at 242-6118 or lois.schmitz@iowa.gov for details.

IPPA and NIGP Educational Opportunities

The Iowa Public Procurement Association (IPPA) and NIGP strive to provide continuing education for public procurement professionals in Iowa. Check out these upcoming opportunities and consider joining your peers. To register for seminars, visit: <http://www.nigp.org/eweb/StartPage.aspx?Site=NIGP&webcode=SemSched>

Seminar Registration Fee Structure

Early Registration = 60 or more days in advance
Standard Registration = 31- 59 days in advance
Late Registration = 30 days or less prior to event

NIGP Increasing Fees for Seminars in July, 2011

Register prior to June 30 to get the best pricing

Intro to Public Procurement - September 13-15, Des Moines - Register

This course is intended for individuals interested in an overview of procurement functions for the purpose of understanding the basic elements that underlie all areas of public procurement. Any government employee with authority to purchase goods and services on behalf of the government should take advantage of this class and content is relevant for those outside the profession who are impacted by the public procurement environment.

3-DAY SEMINAR PRICING

Early Registration before June 30: \$570 member/\$745 non-member

Early Registration July 1-July 13: \$625 member/\$825 non-member

Standard Registration: \$650 member/\$850 non-member

Late Registration: \$700 member/\$900 non-member

Principals & Techniques of Problem Solving - October 26, Bettendorf - Register

(In conjunction with an IPPA members meeting on October 25, 2011)
In the information age, the true challenge is creating unique solutions to old and new problems. In this seminar, attendees will learn a process for solving problems creatively. You can apply this process in your work and personal life. Learn how to awaken the hidden creative energy in all of us and how to get others to buy into new ideas. Learn the questions to ask at each step in the process. This is an interactive class full of ideas, practical tips and fun.

1-DAY SEMINAR PRICING

Early Registration before June 30: \$150 member/\$215 non-member

Early Registration July 1-August 26: \$250 member/\$350 non-member

Standard Registration: \$275 member/\$375 non-member

Late Registration: \$325 member/\$425 non-member

Please direct questions to Diane Rodenkirk, IPPA Education Committee Chairperson at (319) 286-5023 or email d.rodenkirk@cedar-rapids.org.

Review of WSCA Data Communications Contracts

The Western States Contracting Alliance (WSCA) contracts for data communications have proven to facilitate purchasing in the several years they have been in effect. All contracts summarized here are for computer data communications, only, and include routers, switches, wireless products and several other related products. There are two vendors with which Iowa has signed participating addendums for purchases - CISCO and Extreme Networks.

Questions about what is included in the vendor contracts can be directed to the product sales representatives. The websites and sales contacts for CISCO and Extreme Networks can be accessed through the WSCA / NASPO / IOWA 2009-2014 Computer HARDWARE Contracts table located on the DAS-Procurement Services website at: http://das.gse.iowa.gov/contracts/WSCA_NASPO

[Computer Hardware Contracts.pdf](#).

A direct contract with each vendor is entered into the I/3 database and contracts with reseller vendors are also created. All sales go through resellers, therefore do not use the direct contracts with CISCO or Extreme Networks. Place orders directly with the reseller (for that vendor's product) with payment going directly to the reseller.

Below is a list of the WSCA Data Communications contracts that are available in I-3. The resellers listed are for specific products, so be sure to use the proper contract for the intended purpose.

If you have any questions about WSCA contracts, please do not hesitate to contact Laurie Hoing at 515-281-0656 or e-mail laurie.hoing@iowa.gov.

CISCO – orders go through the reseller only
AR233 (Do not use this contract)

Resellers:

Alexander Open Systems	AR233AOS
CDW-G	AR233CDW
Communications Engineering Company	AR233CEC
Embark IT	AR233EIT
Erbs Business Machines	AR233EBM
Sirius Computers (Formerly MSI)	AR233SCS
Pomeroy	AR233POM
Quest Communications Corp	AR233QCC
Vital Support Systems	AR233VSS

Extreme Networks - orders go through the reseller only
AR1471 (Do not use this contract)

Reseller:

Networks, Inc. WSCA AR1471

New GSE Contracts since 1/01/2011

Legal Name	Document ID	Expiration Date	Document Description	Commodity Description
2nd Wind Exercise Equip	4059-11	3/31/2012	Exercise Equipment	EXERCISE EQUIPMENT, AND PARTS AND ACCESSORIES
4MD MEDICAL SOLUTIONS LL	4043-11	3/31/2012	MICRO TECH BED AND CHAIR EXIT ALARMS	Alarm and Warning Devices for the Disabled in Hospitals
Adamson Industries Corp	4039-11	2/29/2012	MASTER AGREEMENT FOR ANTI THEFT DEVICES - AUTOMOTIVE	Anti-theft and Security Devices, Automotive
Allied Oil & Supply, Inc	4038-11	2/29/2012	MASTER AGREEMENT FOR AVIATION ENGINE TYPE OIL	Oil, Aviation Engine
Anderson Erickson Dairy	4007-11	1/31/2012	Ice Cream for Anamosa	Ice Cream
Anderson Erickson Dairy	4014-11	1/31/2012	Ice Cream for Ft Dodge	Ice Cream
Bakemark USA	2720-11	10/31/2011	Bakery Mixes & Related Products	Bread Mixes, All Types
CARDIAC SCIENCE CORP	4064-11	3/31/2012	Defibrillators (AED's) per NASPO Contract SW300	Cardiovascular Instrumentation: Defibrillators, Heart Pumps,
Cassandra A Waltz	3041	9/11/2011	CHECK PROCESSING FOR VOC REHAB DIV	CHECK PROCESSING FOR VOC REHAB DIV
Coca-Cola Company, The	4074-11	5/31/2012	Beverage Pouring Rights	SYRUP, FOUNTAIN SOFT DRINK
Construction Materials	3994-11	12/14/2011	QUALITY CONTROL TESTING SERVICES FOR CONSTRUCTION	Quality Control Testing Services for Construction
Dennis Wisecup	4042-11	3/31/2012	Scrap Metal Removal & Recycling	Metal, Scrap
EmbarkIT Inc	B27162 WSCA EIT	8/31/2012	Computers, Accessories WSCA NASPO vol discount agreement	Computer Hardware and Peripherals for Microcomputers
FFF Enterprises Inc	4001-11	12/31/2011	AFLURIA & FLUMIST VACCINE: 2011/2012 MMCAP-FFF ENTER.	Serums, Toxoids, and Vaccines
GLAXO SMITH KLINE	4060-11	12/31/2011	Fluarix/Fluvalav Vaccine for 2011-2012: MMACP-GSK MMS28002	Serums, Toxoids, and Vaccines
GRP & Associates Inc	4048-11	3/31/2012	Medical Waste Collection and Disposal	Waste Disposal Services, Medical
Harcourt Brown & Ca	3755-11	12/31/2012	Energy Finance Consulting Services	CONSULTING SERVICES
Image Trend Inc	440134-IA	5/1/2012	On-Line Fire Reporting System	Computer Hardware Consulting
Internatl Identification	4044-11	3/17/2012	INDENTIFICATION TAGS - CATTLE & SWINE	Wildlife and Pet Bands, Labels and Tags (Not Electronic)
Keck Inc	1408-11	6/30/2012	STORAGE AND DELIVERY OF USDA COMMODITIES	Warehousing & Storage Services (Not Storage Space Rental)
Keck Inc	1408B-11	6/30/2012	STORAGE AND DELIVERY OF USDA COMMODITIES, (AAA)	Warehousing & Storage Services (Not Storage Space Rental)
KLINGNER & ASSOCIATES	3993-11	12/14/2011	QUALITY CONTROL TESTING SERVICES FOR CONSTRUCTION	Quality Control Testing Services for Construction
Laser Resources Inc	B27169 WSCA LRL	8/31/2012	Printers, Computer. See attached WSCA agreement and Iowa PA	Computer Hardware and Peripherals for Microcomputers
LOWES HOME CENTERS INC	3831-10A	4/30/2012	LUMBER AND RELATED PRODUCTS	APPLIANCES AND EQUIPMENT, HOUSEHOLD TYPE
National Patent Analytcl	4037-11	2/29/2012	Master Agreement for Datamaster DMT Breath Alcohol Analyzers	INSTRUMENTS, ALCOHOL TESTING

Legal Name	Document ID	Expiration Date	Document Description	Commodity Description
Noritsu America Corp	4068-11	5/14/2012	Noritsu Printer Supplies	INKS, DRY, PRINTER
North American Salt	4065-11A	4/30/2012	Bulk Salt delivery for water treatment at state agencies	Water Softener Salt
North American Salt	4073-11	5/31/2012	Salt for Water Purification at Clarinda	Water Softener Salt
OSWALD FISHERIES INC	4056-11	4/30/2012	Live Fathead Minnows Delivered to Iowa Hatcheries	Fish Food
Pacific Dunlop Investmen	4045-11	6/29/2011	CONTRACEPTIVES - CONDOMS AND LUBRICANTS	Contraceptives
Physio-Control Inc	4061-11	3/31/2012	Defibrillators (AED's) per NASPO Contract SW300	Cardiovascular Instrumentation: Defibrillators, Heart Pumps,
Professional Court Reporter	CTTSB0045	2/21/2012	Court Reporting Services	Court Reporting Services
R D ROGERS CO, THE	4058-11	3/31/2012	EXERCISE EQUIPMENT	EXERCISE EQUIPMENT, AND PARTS AND ACCESSORIES
Roberts Dairy Company	4018-11	1/31/2012	Ice Cream for Independence	Ice Cream
Roberts Dairy Company	4020-11	1/31/2012	Ice Cream for Iowa Veterans Home	Ice Cream
Roberts Dairy Company	4028-11	1/31/2012	Ice Cream for Woodward	Ice Cream
Ronald Engelhardt	4009-11	1/31/2012	Ice Cream for Luster Heights	Ice Cream
SECURE-IDLE INC	4040-11	2/29/2012	MASTER AGREEMENT FOR ANTI THEFT DEVICES - AUTOMOTIVE	Anti-theft and Security Devices, Automotive
Shah Industrail Sales	TSB3648-11	4/30/2013	FURNITURE, OFFICE, NEW	FURNITURE: OFFICE
Siouxland Certified	3996-11	12/14/2011	QUALITY CONTROL TESTING SERVICES FOR CONSTRUCTION	Quality Control Testing Services for Construction
Sirius Computer Systems	3427-11	9/30/2011	IBM Products and Services	Computer Hardware and Peripherals for Microcomputers
Sirius Computer Systems	B27170 WSCA SCS	8/31/2012	Computers, Accessories WSCA NASPO vol discount agreement	Computer Hardware and Peripherals for Microcomputers
Stericycle Inc	4047-11	3/31/2012	Medical Waste Collection and Disposal	Waste Disposal Services, Medical
Stew Hansen's Dodge City	4057-11	4/13/2012	Dodge Charger Police Pursuit Vehicles	POLICE EQUIPMENT AND SUPPLIES
T & M Services, Inc	TSB4076-11	10/31/2011	FURNITURE INSTALLATION AND MOVING	FURNITURE INSTALLATION AND MOVING
TEAM SERVICES INC	3995-11	12/14/2011	QUALITY CONTROL TESTING SERVICES FOR CONSTRUCTION	Quality Control Testing Services for Construction
Terracon Consultants Inc	3997-11	12/14/2011	QUALITY CONTROL TESTING SERVICES FOR CONSTRUCTION	Quality Control Testing Services for Construction
Tracie Getzschman	4072-11	8/31/2012	Auto Body Contract for the Council Bluffs Area	REPAIR BODY DAMAGE, MINOR OR MAJOR
W B HUNT COMPANY INC	4069-11	5/15/2012	Weatherproof Digital Cameras	Cameras, Digital Type (Incl. Digital Network Cameras)
Zoll Medical Corp	4062-11	3/31/2012	Defibrillators (AED's) per NASPO Contract SW300	Cardiovascular Instrumentation: Defibrillators, Heart Pumps,