

ANNUAL REPORT 2011





Baltimore Metropolitan Council

BALTIMORE REGIONAL COOPERATIVE PURCHASING COMMITTEE

MISSION

BRCPC achieves cost savings and avoidances through the cooperation of the member purchasing officers within the region. Working together in 2011, the members achieved estimated cost reductions in the \$1.6 million range. In addition, our Energy subcommittee, mentioned later in this report, briefs us on its on-going efforts to secure and maintain excellent rates for electricity and natural gas.

HISTORY & INTRODUCTION

With the assistance of key Baltimore Metropolitan Council (BMC) staff, BRCPC maintains responsibility for coordinating cooperation among public governmental and educational procurement officials. We had our beginning in the 1960's as the Baltimore Metropolitan Group, with Baltimore City, and Baltimore and Anne Arundel counties as the original members. As the group expanded its activities, it became a part of BMC. The BRCPC purchasing officials continue to meet regularly, along with its knowledgeable subcommittees, to enhance cooperative efforts through the BMC coordinator.

BRCPC works throughout the year with its dedicated subcommittees to achieve our goal of obtaining best value for the tax dollars spent through cooperative procurement. Each subcommittee includes professionals who possess special procurement knowledge in key areas. This 2011 report includes a year-end summary of the following subcommittee highlights.

- Energy
- MBE/WBE
- Office Furniture
- Public Schools
- Public Works
- BRCPC/CPOC

2011 IN REVIEW

The below highlights reflect the ongoing work of BRCPC and Deborah L. Meehan, CPPB, Chief of Purchasing Service for Baltimore County, the 2011 BRCPC Chair:

- With reduced travel budgets, some of the members participate in the meetings via teleconferencing.
- BRCPC hosted presentations by a spend analysis consultant, small package logistics coordinator and a lamp contractor vendor to explain the expected sizable cost increase for fluorescent lamps due to a global scarcity of rare earth material. The presentations aid members to stay abreast of changes and new opportunities in the market place.
- Meetings were held with our Washington DC counterparts to further relationships between the two groups. Details are presented in that section of this report.
- The method of reporting on website statistics was revised to provide more meaningful numbers for monitoring interest and activity in our internet presence.

SUBCOMMITTEE ACTIVITIES

Energy

The energy subcommittee was chaired by Stephen Myer, CPPB, Senior Buyer for Baltimore County Government.

The efforts of the BRCPC Energy Board during 2011 included ongoing management of energy price risk for both electric and natural gas portfolios, execution of a long term power purchase agreement with a new, locally based renewable energy/capacity resource, and execution of the purchase of solar renewable energy certificates (RECs) from a locally generated member facility. These REC purchases enable BRCPC to not only meet state renewable requirements but also support the development of the member facility's solar project. There was negotiation and execution of an electric supply services agreement with a new provider for the electric portfolio and the solicitation for a new natural gas supply services agreement for the natural gas portfolio.

The BRCPC energy portfolios' flexible structure enabled them to participate in and capture declining energy prices during 2011. Favorably priced fixed rate energy commodity purchases were executed covering energy to be delivered in fiscal years 2012, 2013 and 2014. For natural gas, the portfolio purchased natural gas injected into storage for winter delivery at maximum levels permitted by the local gas distribution utility during the spring and summer of 2011 to take advantage of historical low spot market prices.

Since the electric portfolio's inception (June 2006) through June 30, 2011, the portfolio has generated savings of \$62.8 million when compared to the local electric utility's (BGE) standard offer service (SOS) rates. The current electric portfolio provides for 1.6 million Mega-Watt hours annually. Through the efforts of its individual member jurisdictions, the group as a whole was able to reduce its peak load capacity by 44 Mega Watts which resulted in avoided capacity costs totaling \$1.86 million for fiscal year 2011. For the natural gas portfolio, savings of \$0.30 dekatherm continue as a result of unbundling and competitive bidding of natural gas supply services. A total of 2.5 million dekatherms were delivered to the portfolio's jurisdictions during FY 2011.

The Energy Board continues to look into new and cost effective ways of procuring energy from new local generation sources, including renewable energy. Supporting new generation capacity in the central Maryland region helps stabilize and reduce capacity and energy costs for the portfolio as well as the entire Central Maryland region. BRCPC's size and credit standing allow it to play an important role in supporting new capacity efforts for Central Maryland.

With the assistance of BRCPC's Energy Consultant, EnerNOC, the Energy Board coordinated educational presentations on energy related topics to its member jurisdiction's personnel. The Board plans to continue to utilize its standing to provide an energy information clearing house for its members.

MBE/WBE

This subcommittee was chaired by Deborah Henderson, Director of Procurement for Harford County Government.

A regional conference event was not scheduled for 2011 as the Diversity Exposition is on a timetable to preclude conflict with similar events held by other professional associations. However, many of the BRCPC members held outreach sessions within their own jurisdictions, reaching out to the MBE/WBE business community. The intent is to encourage continued and additional participation by small business when each entity solicits bids.

On-going plans for the Diversity Exposition are to hold the event every other year to encourage meaningful participation by all sectors of the business community in governmental and educational procurements.

Office Furniture

The subcommittee is chaired by Darla Herbold, CPPO, Purchasing Administrator, Howard County Government.

The current BRCPC Office Furniture and Equipment contract was established in January 2008 with annual renewal options through December 31, 2015. There are 50+ vendors across the United States and Canada that were awarded contracts under Invitation for Bid No. 2008-01 issued by Howard County, Maryland. Due to the wide variety of furniture manufacturers and the attractive discounts that are offered, this contract has been used by over 80 governmental and educational entities. The sales in 2011 totaled approximately \$10 million.

The sub-committee reviews requests from new manufacturers and, if a need exists, adds manufacturers to the contract. Three new manufacturers are to be added in January 2012, represented by the dealer Edwards and Hill Office Furniture Company, a minority business enterprise. The complete list of manufacturers and vendors holding contracts is available on the Baltimore Metropolitan Council web site.

Howard County is the lead agency for this contract and all renewals and changes are handled by the County's Office of Purchasing. Sales reports are compiled every six months by the Office of Purchasing and contract usage is reported to BRCPC semi-annually.

Public Schools

The subcommittee was chaired by Richard Gay, CPPO, RSBO, Manager,, Purchasing Office, Baltimore City Public Schools.

As the year drew to a close, the group was working on a new initiative to reduce the cost of freight logistics with small package delivery providers. The effort holds cost significant reduction potential for school systems as well as other tax-funded entities. Baltimore County Public Schools (BCPS) was the first to complete their benchmarking process. Based on research of past projects completed by the consultant for other clients, there is a significant probability of obtaining deeper than existing discounts.

As an example, a successful bid with only BCPS's shipping revenue and package volume, could yield additional discounts to the present express rates of 20% to 30% and discounts for ground service of 15%- 18%.

It is worthwhile to note that a new carrier user can create an online account and obtain a 20%-25% discount from list rate for express services. A number of association-offered programs exist to offer their members similar discounts. This is without bid or any direct

interaction with the carrier. The percentage discounts can vary during the year depending upon the offers in the marketplace and industry on inbound and outbound shipping costs.

For the past two years BCPS has saved over \$250,000 in shipping costs for textbooks alone through active negotiation with independent shipping contractors. This has resulted in a reduction in projected costs from 6%-12% down to 2 - 4%.

Another inter-regional effort involves a web based application to gather and use member data to analyze expenditures. The result of using data to understand how funds are being expended will help us examine existing priorities. The result can yield a structured approach to additional collaborative purchases and concepts. There are five participating school systems within the BRCP/CPOC geographical region. As with the small package delivery service mentioned above, this effort holds potential to offer meaningful cost reductions through expanded cooperation. BCPS implemented an effort to deliver better visibility of our spending and contracts. As a result, there is \$131 million of common spend with 66 vendors that are providing goods/services to all five K-12 School Districts, including Anne Arundel County Public Schools (AACPS), BCPS, Prince Georges County Public Schools (PGCPS), Montgomery County Public Schools (MCPS) and Wicomico County Public Schools (WCPS)

This year Maryland Public Sector Card Clients (AACPS, Anne Arundel County Government, BCPS, Baltimore County Government, Howard County Public Schools, Howard County Government, Harford County Public Schools, WCPS and the Community Colleges of Baltimore County) started using a bank's credit card consortium, which is a publicly bid and awarded consortium contract for payment card services. This is open to all political subdivisions in the state of Maryland. It provides a standard contract to secure world-class commercial card services and competitive rebates without conducting a costly and time consuming RFP and review process. Howard County Government, with BCPS, both original members of the consortium, worked with the bank to create updated contracts.

Continuing successes include the annual reverse auction for printing paper. The cost reductions have been in the \$ 200, 000 range for several years. Other school systems may join the next procurement as they review the advantageous pricing obtained through the process led by AACPS. AACPS also functioned as the lead agency for a multi-regional procurement for office supplies. Participating entities include AACPS, Charles County Public Schools, St. Mary's County Public Schools, and Howard County Public Schools. The total value of the procurement for the initial 5 year period is over \$15 million. Award was based on a core market basket pricing, discount off catalog pricing and , escalation

pricing considering increases in volume and consideration for differences in private label pricing. A complete review of all the factors resulted in a contract award to Office Depot, the lowest evaluated bidder.

Our local review of the bid results concluded that savings between 4.2% to 12.2% would be realized, depending on the total volume of purchases and the applicable discount structure. Results were measured against a national cooperative that was in current use by AACPS. The result lays testimony to the value of the BRCPC/CPOC relationship.

Following award, other school districts have evaluated the bid results and are seriously considering the contract for their own needs. The added participants include Anne Arundel Government, BCPS and Calvert County Public Schools.

Public Works

The subcommittee was chaired by Stephen Myer, CPPB, Senior Buyer for Baltimore County Government.

The public works subcommittee continues to review existing contracts, determine renewal options and examine potential new efforts. During the year they established new contracts for bulk chemicals for water and wastewater treatment plants, fire hydrant and meter box parts, guard rail services and on-call painting services. Active participants on the subcommittee include representatives from Anne Arundel, Baltimore, Carroll, Harford and Howard counties

At year-end the group was working on HVAC maintenance and repair, and no-lead cold water meters.

BRCPC/CPOC

Deborah Groat, CPPB, C.P.M., Anne Arundel Public Schools, serves as the liaison with BRCPC and CPOC.

The Baltimore Metropolitan Council (BMC) and Metropolitan Washington Council of Governments (WashCOG) continue to develop their cooperative buying efforts under the Memorandum of Understanding signed on April 9, 2009.

New initiatives of the two regional cooperatives have focused on networking efforts through bi-annual meetings of both groups, the creation of a subcommittee to direct group efforts, and identification of new procurements. Volunteers for the subcommittee included representatives from public schools and one community college. As a result, the subcommittee will concentrate their efforts on procurements that are mutually beneficial to the educational sector. As more fully described in the Public Schools Group report,

procurements in the area of testing equipment, forms, office supplies, bulk paper and logistic pricing were awarded demonstrating a savings for all participants. In the case of office supplies, the evaluated savings exceeded those currently being received through a national consortium contract.

Procurements under development include the purchase of school buses. Presently, the lead agency for this effort is Frederick County Public Schools. If successful, volume will exceed 500 buses annually and move participants closer to standardization. Standardization will pay out in additional savings over what will naturally be achieved through volume discounting. This is a major undertaking scheduled for the 2013 school year.

BMC/HGAC AGREEMENT

The BRCPC/HGAC (Houston-Galveston Area Council) agreement provides a broader, expedited method for capital equipment needs and at the same time share in fees collected to fund certain cooperative purchasing efforts. The BRCPC portion of fees is used to offset the cost of outreach to the MBE/WBE community. The process is in place as the result of agreements between BMC members and HGAC. When equipment is needed, the arrangement provides a means to obtain the item through existing cost effective contracts. The contracts offer an opportunity to work through a local vendor at costs in line with nationally competitive levels. The City of Baltimore used the contracts to obtain emergency medical response units during the past year.

BRCPC WEB SITE

Our web site, <http://www.baltometro.org/content/view/14/79/>, is an important part of the BMC internet presence and to the vendors, bidders and public purchasers who visit. Our website usage reports show that hundreds of our web pages are visited each month by the business community and other interested parties. Those who come to the website can benefit by one-click access to any BMC member jurisdiction or the State Department of General Services.

In addition, website access includes links to cooperative purchasing opportunities and regional contracts. Our contracts page gives the visitor an instant connection to the information they are seeking and the option of reviewing or downloading it. The BRCPC website continues to reduce demands on BRCPC staff to research paper files and produce copies.

US COMMUNITIES NATIONAL CONTRACTS

Jeff LaPorta, Harford County Public Schools is a member of the Board of US Communities (USC) and regularly updates us on USC activities.

CURRENT BRCPC COOPERATIVE CONTRACTS

During 2011, BRCPC members either established or renewed the following regional cooperative contracts. ***Bold Italics*** indicate new contracts for the year.

- Audio Visual Equipment
- Audio Visual Equipment Repair
- ***Audit Services for Supply Contracts***
- Automotive Batteries
- Bottled Water
- ***Bulk Chemicals***
- Calculators, Graphing and Analytical Instruments
- ***Corrugated Pipe***
- Discounted Materials of Instruction
- Electricity Supply Services
- Energy Consultant Services
- Environmental Erosion Control
- Fencing (Highways & Buildings) On-call Services
- Field Lighting Construction Services
- Fire Sprinkler Systems
- Fire Extinguisher Maintenance
- ***Fire Hydrant Parts***
- Football/Lacrosse Reconditioning
- Freight/Logistics Services
- Glass Beads
- Grass Seed
- Grass Seed & Fertilizer
- Gray Iron Castings
- ***Guard Rail Services***
- # 2 Heating Fuel
- High Performance Cold Mix
- Ice Melter
- IT Staff
- Large & Specialty Lamps & Ballasts
- Masonry Services, On-Call
- Modular Classrooms, Purchase
- Modular Classrooms, Lease
- Musical Instruments
- Natural Gas Supply Services
- OEM Parts & Service for Heavy Equipment/Trucks
- Office Furniture
- ***Office Supplies***
- Paint, Waterborne
- ***Painting Service, On-Call***
- Paving, On-Call
- ***Power Purchase Agreement***
- Printing Cartridges
- Procurement Cards
- Remote Video Surveillance
- Reverse Auction Services
- Rock Salt
- Scantron Forms
- Snow Plow Blades
- ***Student Agenda Books***
- Tires & Retreads, Cars/Trucks
- Tires & Retread, Heavy Equipment
- Traffic Signal Construction Services
- UV Lamps

BRCPC 2012 OBJECTIVES

- Seek continued cost reductions or cost avoidances for relevant purchasing activities
- Maintain regular meetings and contacts with regional purchasing officials to increase the proven advantages of cooperative purchasing efforts.
- Maintain monthly meetings of the energy committee to monitor electricity and natural gas rates to maximize savings and control risk of energy needs.
- Maintain meetings of public school procurement officials to leverage efforts unique to the educational environment.
- Maintain meetings of the public works buying professionals as they work to identify opportunities for new regional efforts.

Baltimore Metropolitan Council

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Anne Arundel County Executive

The Honorable Haven Shoemaker
Carroll County Commissioner

The Honorable Stephanie Rawlings-Blake
Mayor of Baltimore City, Chair

The Honorable David Craig
Harford County Executive

The Honorable Kevin Kamenetz
Baltimore County Executive, Vice Chair

The Honorable Ken Ulman
Howard County Executive

Larry W. Klimovitz
Executive Director

BRCPC Member Representatives

William Schull, CPPB, C.P.M.
Purchasing Agent

Diana Cox, CPPB, C.P.M.
Assistant Purchasing Agent
Anne Arundel County

Deborah Groat, CPPB, C.P.M.
Purchasing Officer

William Hubbard, CPPB
Senior Buyer
Anne Arundel Schools

Brian Snyder, CPPO
Purchasing Agent
City of Annapolis

Joseph Mazza, CPPO
Purchasing Agent
Baltimore City

Jeff Parker
Director of Purchasing
Baltimore City Schools

Stephen Myer, CPPB
Senior Buyer

Baltimore County
Deborah Meehan, CPPB
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Carroll County Schools

Deborah Henderson
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Jeff LaPorta, CPPB
Director of Purchasing
Harford County Schools

Darla Herbold, CPPO
Purchasing Administrator
Howard County

Douglas Pindell, CPPB, C.P.M.
Purchasing Officer
Howard County Schools

Position Vacant
State of Maryland
Department of General Services

Harry H. Bain, CPPO, C.P.M.
Regional Purchasing Coordinator



Standing (left to right): Groat, Myer, LaPorta, Snyder, Shelton

Seated (left to right): Adams, Henderson, Jackson, Meehan, Herbold, Savoie

Not pictured: Schull, Cox, Hubbard, Mazza, Parker, Cramer, Codner, Pindell, Bain