

ANNUAL REPORT 2012





Baltimore Metropolitan Council

BALTIMORE REGIONAL COOPERATIVE PURCHASING COMMITTEE

MISSION

The Baltimore Regional Cooperative Purchasing Committee (BRCPC) is committed to a collective effort to identify and establish best practices in pursuing its mission. It strives to add value to public purchasing and seeks innovative means to collectively reduce costs while saving tax dollars in each member jurisdiction, and its public schools and colleges at all levels.

HISTORY & INTRODUCTION

Utilizing key Baltimore Metropolitan Council (BMC) staff, BRCPC works to carry out its mission by close coordination among public governmental and educational procurement officials. BRCPC began in the 1960's with Baltimore City, and Baltimore and Anne Arundel counties as the original members. Growing in numbers and positive impact on the vendor community, its 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 2012 report includes a year-end summary of the following subcommittee highlights.

- Energy
- MBE/WBE
- Office Furniture
- Public Schools
- Public Works
- Mid Atlantic Purchasing Team

2012 IN REVIEW

Richard Shelton, Bureau Chief, Carroll County Purchasing was the BRCP Chair for 2012.

The BRCP continues to make every effort to maximize potential sources for supply, construction and service requirements. Working together to become informed purchasers is a win-win scenario. The BRCP is committed to utilize best practices to secure commodities, services, construction needs and assisting the business community with information processing. Applying the practices in public purchasing is a mutual goal of the BRCP and its important commitment to taxpayers. By promoting dialogue with our business partners and maximizing the collective needs through aggregation we believe that we best serve the public.

To keep abreast of changes in the market place, we allow contract vendors to present at selected BRCP meetings. During 2012, we had presentations by Empire Today (carpet and flooring) BGE (energy savings) and Spikes-Cavell (spend analysis).

SUBCOMMITTEE ACTIVITIES

Energy

The energy subcommittee was chaired by Matthew Carpenter, Baltimore County Government.

The efforts of the BRCP Energy Board during 2012 included ongoing management of energy price risk for electric and natural gas portfolios, execution of the purchase of solar renewable energy certificates (RECs) from two locally generated member facilities and development of a formal renewable energy procurement plan. The REC purchases enable BRCP to not only meet state renewable requirements but also support the development of the member facilities solar projects. During 2012, a new natural gas supply services agreement was negotiated and executed with the incumbent provider for the natural gas portfolio following a public solicitation issued in 2011.

The BRCP energy portfolios' flexible structure enabled them to participate in and capture declining energy prices during 2012. Favorably priced fixed rate energy commodity purchases were executed covering energy to be delivered in fiscal years 2013, 2014 and 2015. 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 2012 to take advantage of historical low spot market prices.

Since the electric portfolio's inception (June 2006) through June 30, 2012, the portfolio has generated savings of \$76.8 million when compared to the local electric utility's (BGE) standard offer service (SOS) rates. The current electric portfolio provides for 1.65 million Mega-Watt hours. 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 1.7 million dekatherms were delivered to the portfolio's jurisdictions during FY 2012.

The Energy Board continues to initiate investigations into 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 Richard Gay, CPPO, RSBO, Manager, Purchasing Office, Baltimore County Public Schools.

On October 16, 2012 members of the Public Schools Subcommittee along with 23 other governmental agencies participated in the 4th annual Baltimore County Public Schools and Baltimore County Government MBE Outreach event. This year, BMC and BRCPC joined forces with them to gain more participation by the minority and small business community.

The "Meet and Greet" continued to grow on the success of prior years. Held at the State Fair Grounds in Timonium, over 130 exhibitors participated. There were over 600 sub-contractors who pre-registered and some 250 other walk-ins. The feedback from the participants validates that the time and effort put into the event was well spent. According to the after action survey, 95% of the exhibitors were able to meet and identify potential minority sub-contractors they would work with on future projects. 62% said they had provided business opportunities to minority sub-contractors in the past year because of the event. Approximately 75% of the minority subcontractors said they had been able to obtain a contract because of this event.

Based on the success of all involved, BRCPC intends to participate with Baltimore County in future events.

Office Furniture

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

The 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 2012 totaled approximately \$ 9.7 million.

The complete list of manufacturers and vendors holding contracts is available on the BRCPC web site. Howard County is the lead agency for the 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 County Public Schools.

The group worked diligently to collaborate on appropriate procurement actions throughout the year. As a result of their work, within and outside BRCPC efforts, some of the smaller school districts were able to take advantage of contract pricing otherwise not available to them. The benefit of cooperative action as it affects the market place is the major focus for the group.

The group continues to expand its reach by working with CPOC members, our counterpart in the Washington DC region. Successes in the joint effort include a printer cartridge contract that reduces the cost of the items for all participants.

Another success story is the establishment of a contract for testing forms used in a majority of schools throughout both regions.

As the year drew to a close, the group was working on a new initiative to lower the cost of freight logistics with small package delivery providers. The effort holds cost reduction potential for the school systems as well as the local government and 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 discounts, The successful bid of BCPS-only 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 FedEx user can create an account online at FedEx, com or through a number of third-party desktop shipping software providers and obtain a 20- 30% discount from the list rate for express services. Additionally, a number of association-offered programs exist to offer their members similar discounts. This is without bid or any direct interaction with FedEx. The percentage discounts can vary during the year depending upon the offers in the marketplace and industry on their inbound and outbound shipping costs. For the past two years BCPS has saved over \$250,000 in shipping costs for textbooks alone through active negotiations with independent shipping contractors. This has resulted in a reduction in projected costs from 5-12% down to 2-4%.

Another inter-regional effort is a web based application to gather and use data to analyze expenditures. The result of using data to understand how funds are being expended will serve to examine existing priorities. The result will provide a structured approach to collaborative concepts. At the present time, there are five participating school systems within the BRCPC/CPOC geographical region. As is the case with small package delivery service mentioned above, the effort holds potential to offer meaningful cost reductions through cooperative work. BCPS implemented the Spikes-Cavell Observatory to deliver improved spend and contract visibility. 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, Montgomery County Public Schools and Wicomico County Public Schools.

This year Maryland Public Sector Card Clients (AACPS, Anne Arundel County, BCPS, Baltimore County, Howard County Public Schools, Howard County, Harford County Public Schools, Wicomico County Public Schools, and the Community College of Baltimore County started using the U.S. Bank Maryland Card Consortium, which is a publicly bid and awarded consortium contract for payment card services, 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, with BCPS, both original members of the consortium, worked with the bank to create updated contracts.

Continuing successes include the annual printing paper reverse auction. This year we saw significant reduction in the cost of paper from \$28 per case to \$24. This \$4 reduction saved BCPS \$2.8 million in FY2012. Additional school systems may join the

next procurement as they review the advantageous pricing obtained through the process. AACPS functioned as the lead agency for the multi-regional procurement for office supplies.

Participating entities include AACPS, Charles County Public Schools, St. Mary's County Public Schools, and the Howard County Public Schools. The total value of the procurement for the initial 5 year period is over \$15 million. Award is 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. Other participants included Office Max, Staple and W.B. Mason. 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 being used by AACPS. This lays testimony to the value of the BRPC/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 Dan Guthrie, Purchasing Agent III for Harford 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 Pump, Motors, Mechanical Equipment Maintenance, and Residential, Residential Fire line and Master Fire line Cold Water Meters. The committee also renewed the Bulk Chemicals for water and wastewater treatment plants contracts.

At year-end the group was working on an Ammo bid for Sheriff's offices, UV Bulbs, and an UCMR3 Lab testing bid for new regulations for testing drinking water. The committee is also working toward an agreement for the cost and fees charged for Utility and Pole relocations with BGE and Verizon.

Active participants on the subcommittee include representatives from Anne Arundel, Baltimore, Carroll, Harford and Howard counties.

Mid-Atlantic Purchasing Team (MAPT)

Deborah Groat, CPPB, C.P.M., Anne Arundel Public Schools, serves as the liaison with BRCPC and the Chief Purchasing Officer Committee of the Washington Council of Governments. (CPOC).

The subcommittee's membership contains representation from Anne Arundel County Public Schools, Baltimore County Public Schools, Frederick County Public Schools, Howard Community College, and Prince Georges County Public Schools. Notable accomplishments in 2012 include the naming of the relationship forged in 2009 between the Baltimore Regional Cooperative Purchasing Committee and the Washington Council of Governments. The purchasing efforts now fall under the name of the Mid-Atlantic Purchasing Team. The name is significant in that it is the first super-regional consortium in the Mid-Atlantic region, and incorporates a "team" concept where there are no fees collected or payable to the lead agency for their efforts.

It assumes that each member of the team will accept procurement responsibilities for the betterment of the group. This is a significant step toward industry recognition of the seriousness of what we are doing.

Procurements that currently fall under the work of MAPT include, office supplies that have saved participating members approximately 12%, on-going standardization of school buses, tires, testing equipment and forms, toner cartridges, supply contract auditing services, and surplus auction services. The subcommittee meets regularly to develop other opportunities for collaboration.

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 allows BRCPC to share in fees collected by HGAC to fund certain BRCPC cooperative purchasing efforts. The BRCPC portion of fees is used to offset the cost of outreach to the MBE/WBE community. 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. During the past few years the focus of procurements under the BRCPC/HGAC Agreement has been fire and medical vehicles. The City of Baltimore used the contracts to obtain fire engines during the past year and Howard County purchased ambulance vehicles.

BRCPC WEB SITE

Our web site, <http://www.baltometro.org/content/view/14/79/>, is an integral part of the BMC internet presence. Many vendors, bidders and public purchasers regularly visit the site. 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 benefit by one-click access to any BMC member jurisdiction, the State Department of General Services and appropriate federal contracts.

Website access includes links to national cooperative purchasing opportunities and regional contracts. Our contracts page gives the visitor a quick connection to the information they are seeking and the option of reviewing or downloading it. The BRCPC website reduces demands on BRCPC staff in researching paper files and producing copies.

US COMMUNITIES NATIONAL CONTRACTS

Jeff LaPorta, Harford County Public Schools, is a member of the Board of US Communities (USC) and in that position is able to provide regular updates to BRCPC members on USC activities.

CURRENT BRCPC COOPERATIVE CONTRACTS

During 2012, 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
- Corrugated Pipe
- ***Custodial Services***
- Discounted Materials of Instruction
- ***Electronics Recycling Service***
- 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
- High Performance Cold Mix
- Ice Melter
- IT Staff
- Large & Specialty Lamps & Ballasts
- Masonry Services, On-Call
- ***Mixed Scrap Metal & White Goods***
- Modular Classrooms, Purchase
- Modular Classrooms, Lease
- ***Moving Services***
- Musical Instruments
- OEM Parts & Service for Heavy Equipment/Trucks
- Office Furniture
- Office Supplies
- Paint, Waterborne
- Painting Service, On-Call
- Paving, On-Call
- Printing Cartridges
- Procurement Cards
- ***Pump, Motor Equipment Maintenance***
- Reverse Auction Services
- Rock Salt
- Scantron Forms
- Snow Plow Blades
- Student Agenda Books
- Tires & Retreads, Cars/Trucks
- Tires & Retread, Heavy Equipment
- ***Traffic Signs***
- Traffic Signal Construction Services
- UV Lamps

Energy Contracts

- Electricity Supply Services
- Energy Consultant Services
- #2 Heating Fuel
- Natural Gas Supply Services
- Power Purchase Agreement

BRCPC 2013 OBJECTIVES

- Maintain search for cost reductions and cost avoidance opportunities.
- Continue meetings and contacts with regional purchasing officials to press for additional cooperative purchasing efforts.
- Assure monthly meetings of the Energy Board, monitoring electricity and natural gas rates to improve savings and control of risk in procuring energy needs.
- Continue meetings of the public school group and encourage new efforts unique to the educational environment.
- Assure meetings of public works buyers, working to identify new opportunities for the region.
- Work on structuring new MAPT operating processes and agreements to broaden cost reduction opportunities in the Mid Atlantic area.

Baltimore Metropolitan Council

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Carroll County Commissioner

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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
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Jeff LaPorta, CPPB
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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): Henderson, Jackson, Meehan, Herbold, Savoie
Not pictured: Schull, Cox, Hubbard, Mazza, Parker, Cramer, Codner, Pindell, Bain*