

TO: Members of the State of Ohio House of Representatives Committee on State and Local Government
FROM: Bill Otto, Government Relations Associate
DATE: June 6, 2023
RE: House Bill 145

MEMORANDUM OF SUPPORT

Thank you for considering House Bill 145, the legislation authorizing the use of joint purchasing contracts for construction and construction services. Having served over 2,000 local government and school districts with joint purchasing contracts in recent years, Sourcewell remains steadfast in our support for the legislation given the savings it provides Ohio local governments and school districts.

The local governments and school districts that use joint purchasing contracts enjoy a time and money savings and can have purchases and projects completed by local contractors faster and more efficiently. These contracts are available to them at no fee, and they enjoy significant dollar savings by benefitting from economies of scale while maintaining established compliance laws and rules.

One of the most important features of House Bill 145 is that it fosters greater competition in the marketplace and gives local governments and school districts more contracting opportunities than they would otherwise have. For industry—those that sell to local governments—joint purchasing streamlines the procurement process and provides local contractors and suppliers expedited access to more work.

Sourcewell joint purchasing contracts are designed and bid competitively in Ohio for any in-state contractors, including small businesses, to serve Ohio's cities, counties, and school districts. These joint purchasing contracts are subject to the bid requirements prescribed to them in the Ohio Revised Code. When Sourcewell last solicited construction contracts in Ohio, the bid opportunity was advertised in numerous locations online and in print in the Dayton Daily News, Cincinnati Enquirer, The Columbus Dispatch, The Plain Dealer, and the Toledo Blade newspapers. 49 Ohio construction contractors expressed interest. Of those, contracts for general construction, concrete and paving, HVAC and mechanical, and roofing were awarded to contractors in Akron, Brook Park, Cincinnati, Columbus, Cleveland, Dayton, Deer Valley, Lebanon, Mason, West Chester Township, Wickliffe, Worthington, and Willoughby. These contractors are not "preferred" by a cooperative purchasing organization, nor are they the result of a sole source procurement. Local contractors were the successful bidders for the joint purchasing contracts and hold indefinite quantity contracts. They then can use the indefinite quantity joint purchasing method in lieu of responding to all individual requests for proposals (RFP) or invitations to bid (ITB). Additionally, these contractors hire other local subcontractors to work under their joint purchasing contract to fulfill their projects, resulting in more work for more local contractors.

As required under current law, Sourcewell joint purchasing contracts follow a government procurement process like any other government contract. This includes the preparation of solicitation specifications, online and in print national publication of the solicitation advertisement, public opening of bids, objective scoring and tabulation of responses, and the contract award by the publicly elected board of the issuing unit of government.

Joint purchasing contracts don't circumvent a competitive procurement process, they simply allow a unit of government to utilize the same process and resulting contract established by the competitive procurement process executed by another unit

of government. Joint purchasing promotes transparency and accountability in government procurement and fosters competition and fairness. The process and all documents involving to the joint purchasing contracts are government documents and open for public inquiry. As such, joint purchasing is recognized by the American Bar Association and the National Institute of Government Procurement as a government procurement best practice.

The savings for local governments and school districts are great, and suppliers who hold joint purchasing contracts do not pass their costs associated with doing joint purchasing onto the contract users; Sourcewell joint purchasing contracts prohibit such a practice, which helps to ensure that schools, cities, and counties receive the best possible value and savings. It is by no coincidence that joint purchasing for construction is used across the country to great success in states like Arizona, Florida, Georgia, Maryland, New Mexico, and Texas.

House Bill 145 provides another option and makes certain all procurement tools are available to local governments and school districts, allowing them to make the best possible purchases for their projects. This ensures they have the access to the best prices and best value for their construction projects.

On behalf of Sourcewell, the over 2,000 units of government in Ohio that have made \$725,000,000 in procurements with joint purchasing contracts since 2020, and the local contractors that hold joint purchasing contracts, thank you again for your consideration of House Bill 145.