

Testimony of Dan Listug
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Ohio Senate Local Government and Elections Committee
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Chair Gavarone, Vice Chair O'Brien, Ranking Member Maharath, and Members of the Committee, my name is Dan Listug, and I am the Legal and Government Relations Manager of Sourcewell, a Minnesota-based joint purchasing organization serving government agencies in Ohio and across the country.

Thank you again for the opportunity to support SB 260, which clarifies the scope of joint purchasing law for Ohio's political subdivisions. I also appreciate the opportunity to address several misrepresentations about joint purchasing and the intent of Sen. Lang's bill.

Joint purchasing is an established procurement tool which has been used by local governments in Ohio since 1997. SB 260 clarifies the scope of the joint purchasing law to include construction service contracts. Joint purchasing promotes access to local contractors, transparent pricing, and quicker completion of time sensitive jobs all done in a compliant way.

The joint purchasing law makes no distinction between types of contracts which can be used by school districts, cities, counties, and all political subdivisions so long as the contract is awarded following a competitive selection process. SB 260 applies this same standard of choice for construction services. The bill fosters competition and encourages local governments to access the most competitive contracts available- regardless of source- to complete projects in a cost effective, expedient, and compliant manner.

For example, my organization Sourcewell is a local unit of government created under the laws of Minnesota, akin to an education service agency in Ohio, specifically to provide joint purchasing services. We are not a for-profit company. Sourcewell charges no fees to public agencies using a joint purchasing contract, and there is no obligation for any public agency to use any Sourcewell contract. Administrative fees are paid by suppliers pursuant to contract.

For context, last year alone 450 school districts, 800 municipalities, 86 counties, and over 1,300 total agencies in Ohio utilized a Sourcewell joint purchasing contract.

In addition, I'd like to address some misrepresentations and factual errors presented to this committee about the competitive nature of Sourcewell joint purchasing contracts.

Sourcewell offers unit price joint purchasing contracts which are competitively bid within Ohio. Only contractors who maintain a physical location within Ohio are eligible to submit bids. Recent bids were conducted in December and were published in accordance with revised code requirements in the Dayton Daily News, Cincinnati Enquirer, The Columbus Dispatch, The Plain Dealer, and the Toledo Blade newspapers. In the last bid, 49 Ohio contractors expressed interest and 17 Ohio contractors submitted bids.

It is not accurate to say contractors in Ohio were not provided notice of this bid opportunity. It is not accurate to say this bid did not follow a competitive selection process. And it is not accurate to say these joint purchasing contracts are bad for Ohio contractors.

Opponents have suggested SB 260 would allow one contractor to monopolize all public construction projects through a single joint purchasing contract. That is simply false. The proper scope for joint purchasing contracts are projects where it is impractical to conduct a full competitive procurement either because of job size, projected cost, or time constraints. Large building projects are best suited for traditional bidding methods. The determination of whether a joint purchasing contract is appropriate for a specific project is the duty of a purchasing agency in accordance with the ORC, local policies, and the appropriate discretion of local elected officials. To suggest that process lends itself to abuse is an insult to both the purchasing agencies charged with stewardship of public dollars and contractors serving their local communities.

Again, SB 260 simply addresses an ambiguity with the law by making clear that publicly solicited contracts awarded by another public agency can be used for these types of services. Local governments must exercise proper due diligence to ensure proper use of public dollars for construction services, and when joint purchasing is appropriate for these types of procurements the discretion offered by SB 260 is sound public policy for local governments, their taxpayers, and local contractors.

Chair Gavarone and Members, thank you again for the chance to provide proponent testimony on behalf of SB 260 and this important bill for political subdivisions in Ohio.