

ASSOCIATION OF EDUCATIONAL PURCHASING AGENCIES

MEETING REPORT #5

April 14-16, 2002

Las Vegas, Nevada

The meeting was held at the Riviera Hotel in Las Vegas, and commenced on Sunday, April 14, 2002 at 6:00 p.m. An overview of the agenda indicated the following tasks:

1. Call to Order
2. AEPA/AESA Relationship by Brian Talbott
3. Committee Reports
4. Member Concerns
5. Vote on New Members
6. Review of Current Bids
7. Vendor Roundtables
8. Preparation for Bid #3

1. Call to Order

As there is no requirement for a quorum, this meeting was appropriately convened.

Roll Call

The meeting began with introductions of all in attendance. Agency representatives declared the agency that they represent, as well as the state of the agency they represent. The following Members, Vendors, and Honored Guests were represented as indicated below:

Members

Arizona
Colorado
Indiana
Kansas
Kentucky
Minnesota
Missouri
Montana
Nebraska
New Mexico
North Dakota
Ohio
Oregon
Pennsylvania
South Dakota
Texas
Washington
Wyoming

Representatives

Violet Tribbett, Jim Migliorino, David Wasson, Tom Peeler
John Tillman
Larry Risk, Ken Potts, Pam Clover
Steve Spade
Liz Storey, Ann Burden, Stan Riggs, Connie Riggs
Mike Hajek, Gary Nytes
Tom Post, Bob Slama
Frank Loehding
Lynn Thorpe
Max Luft, Robin Strauser
John Jankowski, Jane Eastes
Robert Brown, Ken Swink, Elmo Kallner
Tammy Standley
Jeff Kimball, Jim Randecker
Scott Westerhuis, Cliff Carmody
Pete Paul, Stuart Verdon
Ronald Ricketts, Dave Uglem
David Swantek

Note: All members were represented

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Vendors

Allsteel
Buckstaff
Interface Flooring Systems, Inc.
Interior Systems, Inc.
Landscape Structures
Lexmark International, Inc.
Little Tikes Commercial Play Systems
Mannington Carpets, Inc.
MicroWarehouse
Modular Solutions, Ltd.
Pioneer Ford
ScholarCraft Products, Inc.
Sehi Computer Products, Inc.
Shaw Industries
Spectrum Industries
Virco, Inc.
Weatherproofing Technologies, Inc.
Williams Scotsman, Inc.

Honored Guests

C-Smart (California)	John Riley, Tom Karwin
Michigan	
AESA	Brian Talbott, Anita Talbott
Educational Resources	Brenda Raker

Agenda Approval

The Tentative Agenda had been provided to all agency representatives prior to the meeting via email. Printed copies were also available when members arrived at the AEPA meeting. A motion was made by Arizona and seconded by Kentucky to approve the agenda. The motion passed unanimously.

AEPA History

David Wasson of Arizona presented a brief overview of the history of AEPA, noting that this was the fifth meeting of the organization. Previous meetings were held in May 2000 (Las Vegas), December 2000 (Las Vegas), April 2001 (Nashville), and December 2001 (Atlanta). David continued that two bids had been successfully drafted, published, and awarded, and that one purpose of this meeting was to select procedures for the third bid. It was also noted that growth in the organization had increased, and there are now 18 member states representing 12 million students.

2. AESA Relationship

Max Luft of New Mexico introduced Brian Talbott, the Executive Director of AESA. It was noted by Max that even though there is no formal relationship with AESA, there is a strong commitment to partner in servicing educational service agencies. Brian summarized the activities of AESA. He noted that one area is the development of a purchasing opportunity for AESA members in an office catalog. Brian answered many questions, including those regarding the bidding of the items offered by AESA and the possibility of conflict between AESA and AEPA offering the same bids. It was Brian's position that competition drives prices down, and therefore he did not feel that offering dual

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bids would hurt the relationship between AESA and AEPA; he did feel it was beneficial to the service agencies nationally. Brian stated that no plans had been made to rebate service agencies that purchased through the catalog, but that these types of relationships are always open for discussion. It was determined that AEPA and AESA need to visit regarding the rules and relationships between the two organizations. It was determined that later in the meeting a committee would be established to visit with Brian on this area. Brian thanked the members for being able to provide his report.

3. Committee Reports

Member Purchase Summary

David Swantek of Wyoming presented a summary of the purchases through December 30, 2001 for items awarded in Bid #1 with the vendors that were able to participate in that bid. It was noted that over \$18 million of products and services had been purchased during the first year. Also noted were contract summaries, indicating which vendors had contracts with which states. South Dakota presented a summary of the vendor sales by states. It was noted that these data were received from the vendors (as opposed to the agencies). Several agencies indicated that they do not actually track purchase orders because the orders do not flow through their agency and they receive no rebate or information from the schools. It was noted that this amount exceeded \$23 million. The discrepancy between the member statistics and the vendor statistics was discussed at length. It was agreed that prior to the next meeting, South Dakota and Wyoming would get together, compare their data, and provide a comprehensive usage report.

Web Site Maintenance

Ken Potts of Indiana presented a summary of Web site usage, indicating that the number of hits so far is nearly two hundred thousand (200,000). The number of requests was 22,987, and 8,708 people had made visits between February 23, 2001 and April 11, 2002. A graph illustrating the number of visits indicated a peaking of visits per day during the bid period from the end of September through the middle of February. Ken suggested that the information be updated on the Web site indicating all of the staff from the service agencies that relate to AEPA, including the primary administrative contact and purchasing contact. It was agreed that this would be added to the Web site.

Policy Development

John Jankowski of North Dakota provided the existing AEPA policies and proposed changes to the policies. They were read briefly and it was determined that attendees would have until Sunday to read and review these, and they would be discussed Sunday morning.

Marketing

Mike Hajek of Minnesota stated that this committee had visited with the vendors. Both Ohio and Minnesota had prepared brochures addressing the fact that the awards were not made just by the particular agency, but by AEPA as a whole. He also noted that there was a need to continue the identification of AEPA as a marketing function. It was suggested that perhaps AEPA awards should be available to the members for the next meeting in Dallas.

Follow-up on December Meeting Concerns

Pete Paul of Texas prepared a sheet containing several questions that required resolution. There was a discussion of these items that included bid procedures, contract award pricing, and contract management. All present found this discussion most beneficial, as it laid the basic framework for the operation of the association.

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Quality Control/Member Retention

Lynn Thorpe of Nebraska prepared a summary of questions relating to quality control and member retention. The questions were:

1. "How do you feel about multiple members from one state?"
2. "What would you consider appropriate reasons to remove an agency from membership in AEPA?"
3. "What are your thoughts about non-member states participating under the umbrella of a member state?"

These items were discussed at length. Attendees again concluded that it was very beneficial, as it provided the basic foundation of the association.

Vendor Relations Bid #1

Vehicles

Jim Migliorino of Arizona summarized his relationships with Pioneer Ford. He indicated that due to concerns raised in the last meeting, response time has been improved, and a Web site has been developed to provide estimates of costs. Jim also indicated that there is still no competition with state purchasing agreements on cars such as the Ford Taurus. It was noted that because of the amount of business that has been done with Pioneer Ford and United Auto, members had discussed the possibility of obtaining even larger discounts.

Carpet

John Tillman of Colorado summarized the carpet contracts. He stated that Mannington had negotiated contracts with seven states, Interface had negotiated contracts with 10 states, and Shaw had negotiated contracts with 11 states. Volume was very low from all three vendors; however, Shaw had the most reported sales. John noted that some of the year two members had not been able to take advantage of the first bid procurement in carpets.

Roofing

Liz Storey of Kentucky made a report on roofing, indicating that many states are beginning to develop a firmer relationship with the roofing vendor (Weatherproofing Technologies, Inc.)

Playground Equipment

Steve Spade of Kansas noted that there were a relatively low amount of transactions by playground vendors, and there does not seem to be a buy-in by them in marketing. One of the problems is that the manufacturers have received the award, but the marketing must be done by local dealers. There appears to be a lack of communication between the manufacturer and the dealers.

Printers/Toner Cartridges

Frank Loehding of Montana indicated that MicroWarehouse, Lexmark, and GCC Printers had provided summaries for him; MicroWarehouse showed \$2.7 million in business transactions, Lexmark showed \$25,000, and GCC showed \$1,900. No data was reported for Sehi. Washington indicated that there were no promotional products. New Mexico indicated that only MicroWarehouse was promoting products. Colorado indicated that marketing did not appear to be occurring. Nebraska indicated that marketing problems by MicroWarehouse were resolved immediately and effectively.

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Vendor Relations Bid #2

Furniture

Missouri summarized the furniture bid, indicating that several of the vendors had not responded as requested for a summary of their contracts.

Computer Catalog

Pennsylvania indicated that eight states now have MicroWarehouse contracts signed and that the sales seem to be going very well.

Modular and Portable Buildings

Washington reported that 10 states now have contracts with Williams-Scotsman, but there seems to be considerably less activity with other vendors.

Financial Report

Max reported that there was a balance of \$147.97 at the end of last November. AEPA then purchased a sign, and the resulting balance at the end of the year was -\$275. He also stated that more than \$15,000 has been billed for participation in this conference. It is anticipated that there will be a \$2-3,000 balance after all of the bills have been paid.

The meeting then adjourned at 9:05 p.m. on Sunday evening. The meeting reconvened at 8:05 a.m. Monday morning. Expressions of thanks were provided to Pioneer Ford and CoMark for the continental breakfast.

4. Member Concerns

Contract Award and Bid

Tom Peeler of Arizona indicated that if AEPA was able to provide a Request for Proposal rather than a Request for Bid, then minor technicalities in the submission could be more easily handled and negotiation for best and final price could also be incorporated into the award process. There was a lengthy discussion on the advantages of proposals over bids, and the requirement of several states that bidding be a part of the process. It was agreed that a committee would look into the best possible format, and the committee would be appointed at a future time.

Pricing Models across Members

An administrative fee summary sheet was reviewed, indicating that some agencies add the administrative fee on, while other agencies have the administrative fee incorporated into the price by the vendor. Some agencies do not charge an administrative fee at all. It was noted that it is up to the vendor to determine the billed price, and to incorporate, if applicable, the specific administrative fee. David Hancock, President of Spectrum Industries, recommended that all service agencies charge the same price and have the service fee embedded. After a discussion, it was decided that that method is not practical and it would result in different states having purchasing districts pay differing amounts for individual items or services.

5. Vote on New Members

Max indicated he had held a phone conference with the service agency in Iowa, and they had stated that if paperwork was deemed acceptable by the council, they would like to become a member.

Michigan was also in attendance at the meeting and indicated that they felt there was an advantage to

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their service agency becoming a party to AEPA, but they did not yet have the approval of their council. California also said that they would like to be a part of AEPA but they did not have the paperwork completed at this time nor the authorization to sign an MOU. A motion was made by Arizona and seconded by Colorado to receive California, Michigan, and Iowa as members of AEPA upon receipt of their memorandums of understanding. The motion passed unanimously.

6. Review of Current Bids

Bid #1 Vendor Presentation

Vendors from Bid #1 had an opportunity to visit with the members and request any modifications.

Interface Flooring Systems:

A request was made to change prices and add items to the bid. Some of the items requested did not meet the bid specification. The members assigned a committee of Arizona, Pennsylvania, and Texas to review the bid and request.

Landscape Structures:

All was reported to be ok; no changes were requested.

Lexmark International:

Pricing updates were requested. Also, a request for a method of updating prices more frequently than once a year was noted. Lexmark would like to assign fulfillment of contracts to local dealers. A motion was made by Washington and seconded by Kentucky to accept new prices and assignment of contracts. The motion passed unanimously.

Little Tykes Play Systems:

A system is now in place at Little Tykes to accept AEPA orders. A request was made for a mailing list by agency.

Mannington Carpets:

A change of distribution and marketing was made by Mannington. Also, a request was made for price modification and adding new products that represent new technology. A motion was made, seconded, and passed unanimously to accept Mannington's request.

MicroWarehouse:

Brad VanGemert reported all is going well with the AEPA contract. He introduced the E&I program and requested that AEPA consider E&I for membership.

Pioneer Ford:

Web site is progressing. Pricing will remain the same. Jim requested that we poll the districts to determine potential buying needs in order to get lower prices on certain models.

Sehi Computer Products:

Nancy reported that Hewlett Packard is charging educational prices and requested that a letter be sent to HP indicating that Sehi has an AEPA contract. A motion was made, seconded, and unanimously approved to send the letter.

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Shaw Industries:

Shaw is now owned by Berkshire Hathaway, and is coming out with a new division to better serve AEPA members: Health care and Education. Replacement products and pricing were requested. A motion made by Minnesota and seconded by Pennsylvania passed unanimously.

Weather Proofing Technologies, Inc./Tremco:

No changes or additions, just thanks for the opportunity to work cooperatively with AEPA.

Bid #2 Vendor Presentation

Max stated that most concerns by respondents to Bid #2 had been addressed. Two companies believed that they had valid protests, and these two vendors were granted time to present their concerns.

CoMark:

CoMark indicated that they believed an award should be granted to them for wood buildings. They noted that the steel frame they had bid was only for transportation use and was not part of the building. A discussion followed, and a motion was made by Wyoming and seconded by Ohio to uphold the rejection. The motion passed unanimously.

Aurora Modular Industries:

Peter Scott stated that only one item had been omitted in the bid specifications. Regretfully it was a key item, indicating the percentage discount to be granted to schools. Following a discussion, a motion was made by Montana and seconded by Missouri to uphold the rejection. The motion passed unanimously.

7. Vendor Roundtables

It was noted that success of AEPA only occurs when members and vendors have a contract, then a working relationship, and finally sales to schools and districts. One main problem is communication between the members and the vendors. To provide initial introductions to some, and review of relationships to others, an afternoon of vendor roundtable sessions occurred. Each participating vendor had a six foot round table located in the ballroom. There were 18 vendors at this session. Each of the 20 represented states (18 members, Michigan and California) visited each vendor for 10 minutes according to an established schedule. The session lasted from 1:00 p.m. until 4:20 p.m. on Monday afternoon.

8. Preparation for Bid #3

The Process – Attendees listed areas that they felt might be viable for a cooperative bid. When no more items were indicated, the group was divided into six groups. Each group then divided the 29 suggested items into three lists, (Great idea= 2 points, Ok idea= 1 point, and “let’s wait on this one”= 0 points). During the categorization, discussion between the participants was one key determining factor in placement. After 25 minutes, the lists had been formed and were placed on the board, totaled and ranked. This tabulation is shown in Table I.

Because there was not a definitive selection of items, the top nine items were again prioritized. The groups were changed, and each group was directed to select three high priority items (2 points), three

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middle priority items (1 point), and three lower priority items (0 points.) Results are presented in Table II, and indicate that the five items bid will be:

1. Carpet (rebid)
2. Ground maintenance items
3. Office supply catalog
4. Paint
5. Industrial catalog (rebid)

Assignments were then made to determine who would have various roles in the bid development. All participating agencies either worked on bid tasks or committees. A summary of the assignments is shown in Table III.

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Table I Intitial Bid Suggestions

	Group 1 AZ, CA, CO	Group 2 IN, KS, KY	Group 3 MI, MN, MO	Group 4 MT, NE, NM	Group 5 ND, OH, PA	Group 6 SD, WA, WY	Total	Rank
Carpet	2	2	1	2	2	2	11	1
Staff-- Time/Attendance	0	1	2	0	0	1	4	
Industrial Catalog	2	0	0	2	2	1	7	6
Computers	2	1	2	1	1	2	9	3
AV Materials	0	1	2	1	2	2	8	4
Curriculum Software	0	2	0	2	0	0	4	
Janitorial Supplies	0	1	0	0	1	1	3	
Third Party Leasing	2	0	1	0	0	0	3	
Classroom Sound Systems	0	0	0	1	1	2	4	
Paint	0	2	1	2	2	1	8	4
Prescription Drugs	0	0	1	0	0	0	1	
Athletic Equipment	0	1	0	1	1	0	3	
Bus	0	0	2	0	0	0	2	
Musical Instruments	0	2	2	2	2	2	10	2
Bulb, Ballasts	0	2	1	0	2	1	6	
Paper	0	0	2	0	0	0	2	
Copiers/Toner	0	0	2	1	1	1	5	
Fax Machines	0	0	1	1	0	1	3	
Wood Gym Floors	0	1	1	0	1	0	3	
Broadband Wireless Internet Community	0	2	1	0	1	2	6	
Office Supply Catalog	0	2	0	2	1	2	7	6
Two-Way Radio	0	2	2	1	2	0	7	6
Bleachers	0	1	1	2	1	1	6	
LAN/? Attached Storage	0	0	0	1	0	1	2	
Student Accounting Software	0	1	2	2	0	0	5	
HVAC	0	1	0	1	0	2	4	
Phone Systems	0	1	0	1	1	0	3	
Grounds Maintenance	0	2	0	2	2	2	8	5
Roofing	0	0	1	0	2	1	4	

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Table III Bid Responsibilities

	AZ	CA	CO	IN	KS	KY	MI	MN	MO	MT	NE	NM	ND	OH	OR	PA	SD	TX	WA	WY
Bid #1																				
Autos	x										x									
Roofing						x						x								
Playground					x															x
Printers		x								x										
Carpet	x															x		x		
Bid #2																				
Technology Catalog														x		x				
Furniture									x											x
Mod/Port															x					x
Bid #3																				
Carpet	x															x		x		
Grounds										x	x	x								
Office	x						x										x			
Paint						x							x	x						
Industrial Catalog									x										x	x
Questions & Answers					x										x					
Receive & Summarize Bids				x																
Bid Format	x			x								x								
Administration																				
Partnership	x	x							x			x		x	x	x			x	x
Marketing								x												
New Members			x												x					
Web site				x																
Policy													x						x	
Member \$																		x		x
Vendor \$																		x		x

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Timelines

The following timelines were established for Bid #3.

<u>Task</u>	<u>Due Date</u>	<u>Drop Dead Date</u>
Draft of State T's/C's	6/15	
Draft of Specs	6/30	
AEPA Bid #3 to Members	7/15	
Draft Returned	7/30	
Final Bid #3 to Members	8/30	
Publish Bid #3	9/15	
Due Bid #3	11/15	
Responses Compiled	11/27	
Responses Reviewed	11/27-12/7	
Responses Approved	12/7	

Selection of Date and Site for Next Meeting

By mutual agreement, the next meeting of AEPA will be at 1:00 p.m. on Saturday, December 7, 2002 in Dallas in conjunction with AESA. The purpose of the meeting is to approve bids submitted in response to AEPA Bid #3. Brian Talbott indicated he would secure the space for the meeting at no charge.