

Municipal Partnering

A Smart Cost Reduction Strategy

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What Is Municipal Partnering?



Municipal partnering is a group of municipalities and/or agencies joining together to achieve economies of scale for the purpose of purchasing shared services and commodities.



Illinois Governmental Joint Purchasing Act

- All public agencies as defined by the Illinois Governmental Joint Purchasing Act, as well as not-for-profit agencies that qualify under Section 45-35 of the Illinois Procurement Code, are eligible to participate in joint purchasing programs.
- ILL COMP. STAT. ANN §222/2. Definitions for the purpose of this act: the term “public agency” shall mean any unit of local government as defined by the Illinois constitution of 1970, any school district, any public community college district, any public building commission, the State of Illinois, any agency of the State government or of the United States, or of any other State, any political subdivision of another state, and any combination of the above pursuant to an intergovernmental agreement which includes provisions for a governing body of the agency created by the agreement.
- Illinois statutes, 525/2 from Ch. 85, par. 1602. (Governmental Joint Purchasing Act), authorizes that any governmental unit may purchase personal property, supplies and services jointly with one or more other governmental units. All such joint purchases shall be by competitive solicitations as provided in Section 4 of the Act.

How Does It Work?



- Private Sector is eager for work (especially construction and engineering industries)
- Leverage geographic proximity and economies of scale
- With 1,451 local governments, northern Illinois has the highest concentration of individual municipalities per square mile in the US
- Expectations in today's economic and political environments to creatively maximize declining revenues
- Key objective is to not minimize quality of service to the residents



- Staff resistance
 - Bid/coordination/specifications, fear of losing or ruining relationships with current vendors and fear of the unknown
- Attorneys and purchasing agents
 - Impacted their workload and control
- Contractors
 - All their “eggs in one baskets”
 - More risk, less reward

Potential Concerns and their Solutions



Concern	Solution
Difference in bid specifications	Form committees and write new bid specifications
Difference in budget years	Publish bid calendar and multiple bidding groups for some services
Contractor scheduling concerns	Create geographic area groups for some services
Different sources of funding (MFT vs. non-MFT)	Create specific bid pay items within the joint bid for items that must be completed to agency standards
Staff reductions	Each municipality still manages the construction contract and work within their jurisdiction

How Do You Start





- Why do you need a champion?
- Role of Champion
 - Make sure all participating communities bid specs are aligned
 - Develop project schedule
 - Aggregate quantities
 - Bid projects
 - Communicate results

Types of Services That Can Be Purchased Jointly



Crack Sealing	Resurfacing	Tree Trimming	Concrete	Sewer Lining	Leak Detection
Hydrant Painting	Sewer Televising	Contractor Assistance	Cold Patch	Hauling/Delivery	Pavement Marking
Janitorial Services	Bridge Inspections	Municipal Auditing	Street Sweeping	Tree Maintenance	Generator Maintenance
Asphalt Patching	Cross Connection Control	Inspectional Services	Rock Salt	Information Technology Services	Auditing Services



Cost Savings



- Municipalities have economies of scale when working together to purchase shared services and commodities
- From 2011 to 2013, the Municipal Partnering Initiative saved member communities an estimated \$1.23M
- Cost containment
 - Abilities to stabilize pricing for multiple years on volatile commodities

Cost Containment



- Majority of contracts bid to allow for multiple years
- Contracts typically set up for one year with 3 or 4 extensions possible through mutual agreement
- Consumer price index (CPI) cost increases typically included
- Additional municipalities can request to join contract for years 2-4, but contractor does not have to accommodate them

Cost Savings Example – Leak Detection



Joint Bid

- Glenview, Winnetka, Wilmette, Lake Forest, and Buffalo Grove

Results

- Renegotiated pricing to \$109/mile from \$110-\$115

Savings

- Between \$3,000 - \$5,000 per year

Cost Savings Example – Sewer Televising



Joint Bid

- Buffalo Grove, Wilmette, Glenview, and Northbrook

Results

- 3 out of 4 communities awarded bid

Savings

- Glenview and Wilmette \$16-26K

Cost Savings Example – Fire Hydrant Painting



Joint Bid

- Northbrook, Buffalo Grove, Lake Forest, Winnetka, Highland Park, and Glenview

Results

- Joint Bid Pricing = 785 hydrants for \$60,782
- Pre-Joint Bid Pricing = 670 hydrants for \$60,782

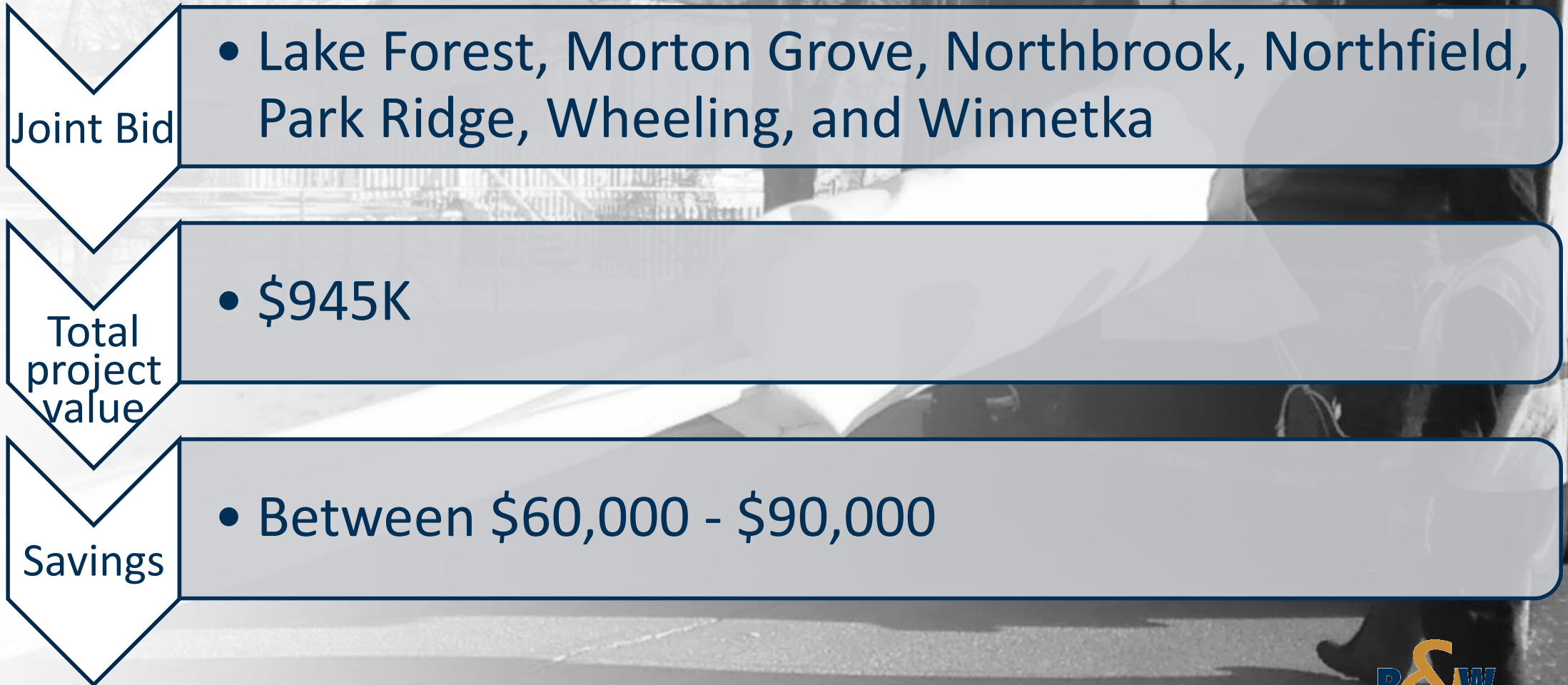
Savings

- Between \$8,000 - \$10,000 per year

Cost Savings Example – Sewer Lining (Group 1)



Cost Savings Example – Sewer Lining (Group 2)



Cost Savings - Summary



Project	Number of Communities	Total Project Value	Savings
Crack-Sealing	12	\$421K	\$50-70K
Resurfacing (Lake)	3	\$2.99M	\$100-120K
Resurfacing (Cook)	2	\$2.84M	\$80-100K
Concrete	8	\$966K	\$15-20K
Sewer Lining (group 1)	5	\$1.09M	\$30-50K
Sewer Lining (group 2)	7	\$945K	\$60-90K
Sewer Televising	4	\$365K	\$16-26K
Leak Detection	5	\$71K	\$3-5K
Hydrant Painting	6	\$60K	\$8-10K

Lessons Learned

- Continued management involvement and support is critical
- Partnering leads to benefits beyond cost savings
- Create a master schedule and bid calendar
- Semi-annual manager meetings are extremely helpful





- Sharing best practices results in better bid specs and additional cost savings
- Contracts can be opened and renegotiated
- Joint bids without the overhead cost
- Great for smaller communities



- Start with easier projects
- Value contractor feedback
- Joint bidding does not replace strong local program management
- Be transparent with information
- Share the workload
 - A few strong leaders are needed to get the program running

Additional Benefits

- Established relationships lead to additional shared service opportunities and discussions
- New ideas/discussions on alternative concepts
 - Utility locating delivery
 - Roadway rating concepts
- Smaller communities can rely less on engineering firms for bid spec development





Municipalities working collaboratively together should be the new norm.

Questions?



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