

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance and Facilities

Date of Meeting: June 19, 2013

Agenda Item: Campus Service Cooperative Results and Contract Governance
Including Approval of Several Contracts Exceeding \$3 Million

Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
 Information

Cite policy requirement, or explain why item is on the Board agenda:

Board Policy 5.14, Procurement and Contracts, requires approval by the Board of Trustees of contracts exceeding \$3 million.

Scheduled Presenter(s):

Sue Collins, *President*, Northeast Higher Education District

Karen Kedrowski, *Vice President of Finance and Administration*, Northeast Higher Education District

Michael Noble-Olson, *Purchasing Manager*, Minneapolis Community and Technical College

Laura King, *Vice Chancellor of Finance - CFO*

Colin Dougherty, *Managing Director*, Campus Service Cooperative

Jason Cavallo, *Strategy Director and Lead Project Manager*, Campus Service Cooperative

Outline of Key Points/Policy Issues:

The Campus Service Cooperative (CSC) recommends that the Board delegate approval authority to the Chancellor for the following systemwide contracts expected to be awarded through October 2013: janitorial supplies, office supplies, managed print, IT software and accessories. This delegation is needed in order to expedite contract approvals and maximize potential savings. These contracts will be used by all colleges, universities, and the system office to purchase the respective goods and services.

Background Information:

The CSC is currently executing its six month "Cycle One" (February through July 2013). As part of this project, the CSC strategic sourcing team is in the process of issuing requests for proposals for multiple key expenditure categories. Based on MnSCU's evaluation of the proposals, the Campus Service Cooperative will prepare contracting documents for the Chancellor's approval. Based on analysis of current spending levels, the CSC expects each of these contracts to exceed \$3 million over the three year contract term. Each contract would be used by all colleges, universities, and the system office and represent a savings over purchasing goods through the individual contracts currently in place.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD ACTION

Campus Service Cooperative Results and Contract Governance Including
Approval of Several Contracts Exceeding \$3 Million

REQUEST

Board Policy 5.14, Procurement and Contracts, requires approval by the Board of Trustees of contracts exceeding \$3 million. The purpose of this report is to request that the Board approval of four contracts.

BACKGROUND

The Campus Service Cooperative (CSC) is currently executing its six month “Cycle One” (February through July 2013). This project includes the CSC strategic sourcing team analyzing the system’s \$550 million in annual procurement of goods, services, and construction, to identify more than \$45 million in annual savings opportunities. Collectively, the CSC, working with the system’s colleges, universities, and system office, will achieve these savings by adopting modern supplier management disciplines, best practices, and collaboration with the State of Minnesota, the University of Minnesota, and other partners. During Cycle One, the team is targeting \$25 million in annual expenditures across nine categories to capture a projected \$4.6 million in annual savings – 61% of the savings at colleges, 32% of the savings at universities, and 7% of the savings at the system office. These nine categories are:

- Maintenance, repair, and operations supplies
- Office supplies
- Janitorial supplies
- Paper
- Telecommunications/cellular
- Managed print
- Transportation couriers
- Postage meters and equipment
- IT software and accessories

The CSC’s overall sourcing strategy is holistic and requires a thorough analysis for each of these contract categories. The best sourcing approach is formulated for each contract based on an understanding of the current environment of the system’s spending habits. The solution to discovering savings opportunities is not necessarily engaging in the request for proposal process, but includes appropriately leveraging contract vehicles that already exist through the state or in other cooperative agreements. For the Cycle One contract categories that involved the request for proposal process, the CSC will engage MnSCU representatives

to help in the evaluation process using the CSC's sourcing values of price, quality, speed, and targeted group businesses.

Of the nine contract categories covered in Cycle One, there are four that exceed the \$3 million threshold and are expected to involve a new contract award. The CSC expects to be ready to award the following systemwide contracts before the end of October 2013. The anticipated award dates annotated below are dependent on the sourcing strategy selected:

- Janitorial supplies – June 2013
- Office supplies – June 2013
- Managed print – August 2013
- IT software and accessories – August 2013

The delegation of authority is needed to expedite these contract approvals and maximize potential savings given that the contracts are expected to be ready before the next regular Board meeting in October 2013.

THE OPPORTUNITY

The total expenditure for the four systemwide contract categories is \$53.6 million over three years with a projected savings of 10 to 30 percent, depending on the contract category. ***Note bene: the actual savings realized are dependent upon the level of adoption and participation in the new contracts by the colleges, universities, and the system office.***

[1] Janitorial supplies: The janitorial supplies contract category represents approximately \$5.4 million over three years across the colleges, universities, and system office. The intent is that this contract would replace five contracts with one systemwide contract that represents a savings over purchasing goods through the individual contracts currently in place. This contract covers approximately 1,090 items and includes items such as bathroom tissue, paper towels, trash bag liners, and soap. The CSC will use the request for proposal process for this contract.

[2] Office supplies: The office supplies contract category represents approximately \$5.9 million over three years across the colleges, universities, and system office. The intent is that this contract would replace 15 contracts with one systemwide contract that represents a savings over purchasing goods through the individual contracts currently in place. This contract covers approximately 22,285 items and includes items such as pens, binders, dry erase markers, and office files. The CSC will use the request for proposal process for this contract.

[3] Managed print: Before the CSC can determine the best sourcing strategy, it will first have to assess current print environment and goals for print optimization. This contract represents approximately \$21.0 million over three years across the colleges, universities, and system office. The intent is that this contract (new or existing) would replace up to 10 contracts with one systemwide contract that represents a savings over purchasing goods and services through the individual contracts currently in place. This contract covers all printing devices such as copiers, printers, multifunction devices, and relevant accessories.

[4] IT software and accessories: This contract represents over \$21.3 million over three years across the colleges, universities, and system office. The intent is that this contract would replace up to 15 contracts with one systemwide contract that represents a savings over purchasing goods and services through the individual contracts currently in place. This contract covers approximately 1,835 items and includes items such as shrink-wrap software, monitors, cables, and mice. The Campus Service Cooperative will use the request for proposal process for this contract.

RECOMMENDED COMMITTEE ACTION:

The Finance and Facilities Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees authorizes execution of the following contracts in amounts not to exceed those listed for janitorial supplies, office supplies, managed print, and IT software and accessories, to provide supplies and services to colleges, universities, and the system office, each for a term not to exceed three years.

- Janitorial supplies – not to exceed \$5.9 million
- Office supplies – not to exceed \$6.5 million
- Managed print – not to exceed \$23.1 million
- IT software and accessories – not to exceed \$23.4 million

The Board directs the Chancellor or his designee to execute all necessary documents.

RECOMMENDED BOARD ACTION:

The Finance and Facilities Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees authorizes execution of the following contracts in amounts not to exceed those listed for janitorial supplies, office supplies, managed print, and IT software and accessories, to provide supplies and services to colleges, universities, and the system office, each for a term not to exceed three years.

- Janitorial supplies – not to exceed \$5.9 million
- Office supplies – not to exceed \$6.5 million
- Managed print – not to exceed \$23.1 million
- IT software and accessories – not to exceed \$23.4 million

The Board directs the Chancellor or his designee to execute all necessary documents.

Date Submitted to the Board of Trustees: June 19, 2013