

MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY COMMITTEE

The meeting was called to order by Representative Mike Burgess, Chair, at 3:40 p.m. on February 8, 2011, in Room 546-S of the Capitol.

All members were present except:

Rep. Judith Loganbill – Excused  
Rep. Charles Roth -- Excused

Committee staff present:

Iraida Orr, Legislative Research  
Katherine McBride, Revisor of Statutes  
Renae Jefferies, Revisor of Statutes  
Linda Herrick, Committee Assistant

Conferees appearing before the Committee:

Chris Howe, Director of Purchases, State of Kansas  
Marilyn Jacobson, Director, Finance and Facilities Management

Others attending:

(see attached list)

Since the House Session was extended, this committee meeting was convened a little later in order to allow committee members ample time to arrive. Chair Burgess noted that the introduction of bills deadline has passed. If there are any ideas for bills, let him know and those might be pursued through an exempt committee. Bill hearings are being scheduled for next week.

Chair Burgess welcomed Chris Howe, Director of Purchases for the State of Kansas, who explained procurement procedures for state agencies. Mr. Howe introduced two procurement officers, who accompany him today, Jill Martin and Jerry Clements. Mr. Howe covered two documents, The Procurement “Food Chain” and Components of the Procurement Process ([Attachment 1](#)), which are used to describe processes when talking to state agencies or vendors. Mr. Howe then addressed the components of the procurement process.

Mr. Howe answered various questions from committee members:

- In addition to casinos, all regents are exempt from purchasing guidelines as of July 2010 per KSA 77-769.
- School districts are not covered under these purchasing guidelines. The state purchases for some school consortiums (Greenbush and Smoky Hills). There are other agencies, independent municipalities, that are exempt and post some of their transactions on the web site. Mr. Howe will provide a list of those agencies.
- As for showing preference to Kansas versus out-of-state bids, by statute, the only preference that State Purchasing is allowed to give is to break a tie bid. Through a study several years ago, results indicate 60% of business is done with Kansas vendors. The Kansas Small Business Procurement Act was allowed to sunset in 1988. With the new financial management system, Kansas businesses and new vendors can be identified. A report in 2009 indicated the state spends \$75 million with small minority owned businesses who identified themselves to State Purchasing.
- Land purchases are agency-specific.
- In regard to the Air Mark contract mentioned just recently, Mr. Howe noted this vendor has performed well, and we were answering a budget situation.
- In regard to computer purchasing, the state has partnered with the Western States Contracting Alliance, and Kansas, along with other states, combine for buying power. Purchasing is working to get agencies to think globally to drive licensing costs down.
- The Division of Facilities Management and the Division of Budget work together on setting parameters for replacing state vehicles.
- In regard to long-term vehicle rentals, these are handled by Facilities Management. Ms. Jacobson, Facilities Management, noted that on a quarterly basis, rental issues are addressed. Sometimes, there are extended vehicle rentals if a vehicle needs extensive body work or if a vehicle is totaled.
- State Purchasing has monthly contract development meetings. Mr. Howe indicated they are working on enhancing training to work one-on-one with state agencies to review “food chain” documents. There are other states that have certified purchasers, and Mr. Howe indicated State Purchasing is working on a more intense training program.
- Mr. Howe noted that his staff is trying to make their information more broadly available (state agencies, school districts, etc.) to utilize State Purchasing pricing and contracts to build economy of scale and to drive down prices.

Chair Burgess thanked Mr. Howe for his presentation.

The chair asked if there was any other business, and there was none. The next meeting is scheduled for Wednesday, February 9, 2011. The meeting was adjourned at 4:36 p.m.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

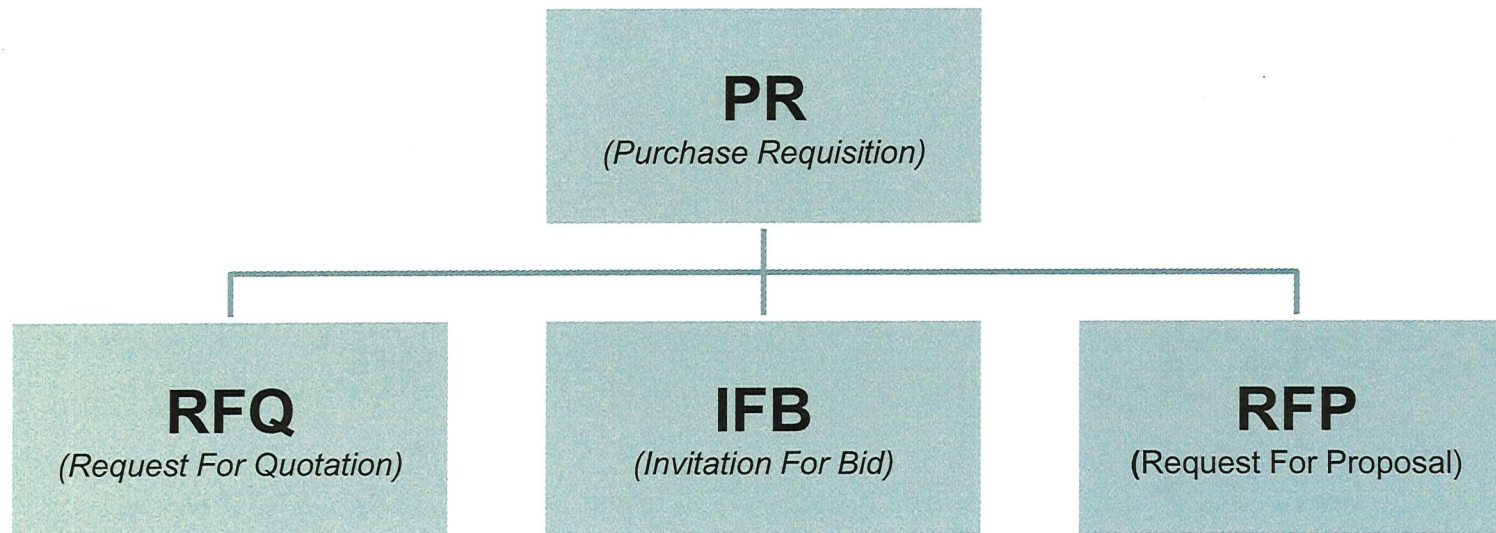
**HOUSE GOVERNMENT EFFICIENCY AND FISCAL  
OVERSIGHT COMMITTEE**

## GUEST LIST

DATE: 2-8-2011

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# Components of the Procurement Process



## For One-Time Purchases

***"Sealed Bid Procurement"***  
**Not** a Negotiated Procurement  
per KSA 75-3739

Results in a

**PO** (*Purchase Order*)

*Awarded to the  
Apparent Low Bid  
Meeting Specifications*

## For Repetitive Purchases

***"Sealed Bid Procurement"***  
**Not** a Negotiated Procurement  
per KSA 75-3739

Results in a

**Contract or  
PO** (*Purchase Order*)

*Awarded to the  
Apparent Low Bid  
Meeting Specifications*

For technical or complicated Transactions  
**One-Time Purchases** or  
**Repetitive Purchases**

***"Negotiated Procurement"***  
Per KSA 75-37,102

Results in a

**Contract or  
PO** (*Purchase Order*)

*Awarded to the vendor  
Offering the **BEST VALUE***

*Per statute, we have to explain why any bid lower  
than the successful bidder's was rejected.*

## The Procurement "Food Chain" - An Order of Precedence Summary

*as established by the Kansas Division of Purchases*

*As with most governmental entities, procurement activities for the State of Kansas are based on the expectation that a COMPETITIVE BID PROCESS will be used. (KSA 75-3739)*

<p>KCI State Use Catalog</p>	<p><b>Statutorily established, Mandatory-Use Programs</b></p> <p>Kansas Correctional Industries (KSA 75-5273 <i>et seq</i>)      <a href="http://www.kancorind.com">www.kancorind.com</a></p> <p>State Use Catalog (KSA 75-3317 <i>et seq</i>)      <a href="http://www.ksstateuse.org">www.ksstateuse.org</a></p> <p>No local waiver capabilities allowed</p> <p>Any waiver request must be approved by the Director of Purchases, regardless of dollar amount</p>
<p>Contracts</p>	<p><b>Statewide Mandatory Use Contracts</b>      SMART: "Statewide - Mandatory"</p> <p>Examples: Office Supplies; Computers, Vehicles</p> <p><b>Agency-Specific contracts are Mandatory Use</b></p> <p>Contracts bid to meet an individual agency's specific needs</p> <p><b>Statewide Optional Use / Various Agencies contracts</b>      SMART: "Statewide - Optional"</p> <p>Can be an avenue for expedient procurement of commodities and services</p> <p>Examples: Cellular Phones / Data Services; Vehicle Maintenance</p>
<p>Open Market Purchases</p>	<p><b>Local Delegated Authority (LDA)</b></p> <p>Local Delegated Authority is derived by statute from Division of Purchases (KSA 75-3739)</p> <p><input type="checkbox"/> Abuses of LDA can result in a <u>reduction</u> of LDA</p> <ul style="list-style-type: none"> <li>• <u>Order splitting to keep totals below the LDA threshold is not appropriate</u></li> </ul> <p><input type="checkbox"/> Purchases under \$5,000, no competition is required, but is certainly encouraged</p> <ul style="list-style-type: none"> <li>• <u>Remember: Processes Listed above first, then Open Market</u></li> </ul> <p><input type="checkbox"/> Repeat purchases over a year should be combined for bidding</p> <p><b>Purchases over Local Delegated Authority</b></p> <ul style="list-style-type: none"> <li>• Must be submitted to the Division of Purchases for bidding or other consideration</li> <li>• <i>Please plan ahead to coordinate calendars with Division of Purchases staff as we work to prioritize and manage the incoming work from many agencies.</i></li> </ul>
<p>Prior Authorizations</p>	<p><b>Prior Authorization</b> is required for non-traditional / non-competitive purchases</p> <ul style="list-style-type: none"> <li>• Transactions must be reported to the Legislature on a Quarterly Basis</li> </ul> <p><b>Form Location:</b>    <a href="http://www.da.ks.gov/purch/PriorAuthForm.doc">http://www.da.ks.gov/purch/PriorAuthForm.doc</a></p> <p><b>Sole Source</b> - must answer the questions on the form</p> <p><b>Interagency</b> - When contracting with another governmental entity</p> <p><b>Off-contract</b> - If you find an exact match for the contract item cheaper elsewhere</p> <ul style="list-style-type: none"> <li>• All costs must be accounted for, including freight, warranty and other factors.</li> </ul> <p><b>Delegated Authority - One Time</b> - up to \$25,000</p> <p><b>Emergency</b> - an urgent and unexpected requirement where health and public safety or the conservation of public resources is a risk.</p> <p><b>Professional Services</b> (Accountant, Lawyer, Consultant - KSA 75-37,130 et al)</p> <p><b>State Use Catalog Waiver</b> (KSA 75-3322)</p> <p><b>Statutorily Exemption</b></p> <p>Transactions over \$100,000 must be posted to Internet Website for 7 days</p> <p><a href="http://www.da.ks.gov/purch/PriorAuthorizations.htm">http://www.da.ks.gov/purch/PriorAuthorizations.htm</a></p>