



Taking Care of Business

"By the end of the decade, the Wisconsin Association of School Business Officials shall be the most influential organization on significant Wisconsin school business management issues."
WASBO Vision

A Bi-Monthly Publication of the Wisconsin Association of School Business Officials - Volume 10, Number 6 - December 2006

Can School Renewal Really Be Funded Without Capital Outlay?

It not only can be done, it is being done. Moreover, most importantly, many are predicting it will become the key to sustainability for every school in the US.

By David Mitchell, Senior Account Executive, Siemens Building Technologies

The concept of Performance Contracting has lain dormant among most schools for decades primarily because its methodology and application were misunderstood. In other public and private sectors performance contracting has proven itself as the primary delivery agent in freeing up hidden capital to fund much needed efficiency and infrastructure improvements for aging school facilities. Here are a few secrets on how to steer your school district into a veritable gold mine of accessible funding for those sorely needed improvements.

In these times of shrinking budgets and mounting public scrutiny, school business officials have a more difficult task than ever in meeting the challenges of sustainability. But there are school officials that have implemented an old and often overlooked solution to infrastructure improvement that breaks the vicious cycle of budget constraints. These visionaries are benefiting their respective school districts immeasurably by discovering innovative ways to finance projects without having to burden tax-payers with the costs.

For those who may be new to the school administration profession, or for those who are less familiar with the concept, performance contracting provides public entities with a means of leveraging the equity that is

locked up in their assets to make energy and other infrastructure improvements, all without tapping cash or raising up front dollars. In most school infrastructure improvement cases where there was no capital available; performance contracting was the sole means of getting the job done.

"The performance contracting construction delivery and financial model enabled our district to accomplish projects that, barring asking the community for more money, simply couldn't be done any other way. Any district with deferred maintenance should seriously look into this concept."

Nicholas C. A. Alioto, CPA, RSBA

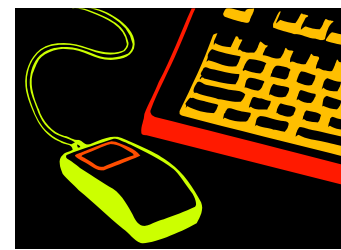
Anyone who is concerned about their school's quality of services to students and teaching staff is well aware of the challenges in preserving and maintaining their buildings. Classrooms, computer labs, auditoriums, gymnasiums and other school facilities have relentless needs to be kept in top physical and aesthetic condition. Unfortunately, in most cases, it is a frustrating and often neglected discipline that adds to the nation's mounting statistics of deferred maintenance.

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Using Technology to Improve School Procurement:

Best Practices from an Industry Expert



Technology has invaded most aspects of our life. Yet in many dealings with school district procurement departments, school districts do not often leverage the power of technology to improve the procurement process.

While many districts now have some automation surrounding the requisition and purchasing process, the vast majority of procurement processes have not changed much in the past ten or twenty years. Procurement remains largely a paper-based process, even with the myriad inefficiencies and errors brought about by the typing and re-typing and re-typing associated with ignoring the power of electronic data transfers. In addition, newspapers nationwide continue to be filled with school bid proposals, despite the power and convenience associated with using online marketplaces to tap into a nationwide network of vendors.

However, several school districts are using technology to answer their business needs and challenges. Described below is how three separate districts use technology to improve their procurement processes. The goal is that WASBO members will be able to use this information to improve their own procurement processes. The common link is that the technology involved is not extremely advanced. In fact, you will find that most often a new application of an old technology dramatically improves the procurement process for these agencies.

Detroit Public Schools: Using internet-based bid aggregation to reduce costs

Every school business official knows that each dollar saved in the procurement process is an extra dollar that can go to the district's real purpose: education. The Detroit Public Schools reaps real rewards from using online bidding for the majority of its purchasing. In fact, DPS saved more than \$300,000 on a single purchase of textbooks last year using that method (that savings represented about 10% of the purchase price).

Detroit Public Schools, which educates 153,000 students and has an annual operating budget of \$2.4 billion, has been using the DemandStar system from

Onvia since April 2001. "We use DemandStar because it significantly reduces our administrative workload," said Hildred Pepper, Jr., CPPO, CPM, the district's Chief Contracting Officer. "We don't have to print out copies of solicitations anymore. In fact, [vendors] cannot even pick up documents in our office anymore. They have to go online to get the solicitation." Although he cannot quantify the effect, Pepper is confident that the increased competition from having more businesses responding to solicitations brings down overall purchasing costs.

DemandStar is but one of several services which aggregate government purchasing information on behalf of businesses who provide products and services to government agencies (others providers include BidNet and GovernmentBids.com). These companies publicly announce open solicitations, aggregate responders to those solicitations, and improve the transfer of information between respondent and the agency. Almost all of those services are free for public agencies.

"It really is an efficient system. Everyone is notified at the same time [of open solicitations]," said Peppers. "And we choose DemandStar because the price that vendors pay is very reasonable." In fact, Peppers reports that in the more than four years that his district has used DemandStar, not a single vendor has complained about the \$30 monthly cost for a business to subscribe the service. (Businesses can view a single solicitation for \$5).

Before Peppers arrived at Detroit Public Schools in 2001, the district complied with state competitive bidding laws in the same fashion as other school districts: by sending out solicitations to vendors who had previously expressed interest in the product or service. However, that process was very time-consuming, expensive and ineffective at bringing in as many responses as possible. "Using DemandStar has lead to a significant jump in the number of vendors who know about the open solicitation. I'd say that it has increased by 400% or 500% [over the previous form of notification]". In fact, for solicitations more than \$250,000 opened in the last three years, DPS data

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show that an average of 204 companies has received a *notification of solicitation* through DemandStar for each newly opened bid for the Detroit Public Schools. An average of 35 companies end up downloading and viewing the actual solicitation over the same period.

Nevertheless, DPS is not resting on its laurels. Instead, it is always trying to improve the procurement process. The district currently requires that all bids be submitted in hard copy, but it has experimented with online submission. They opened one bid last year for online submission only. "It [the experiment] was successful, and we do eventually plan to go with everything in electronic form. It will likely occur this year," said Pepper.

York County Central Purchasing: Using an intranet to share information about purchasing with all the county's users

York County, Virginia, lies in the heart of this country's colonial history. The 19 schools that comprise the York County School Division sit but a cannon's shot from Colonial Williamsburg and the battlefield of Yorktown. The district has roughly 12,800 students, and an annual operating budget of \$94.7 million.

Based on a mutual agreement between the schools and county government, the York County Central Purchasing Department handles purchasing for the York County School Division. T.W. Sawyer, CPPO, CPPB, is the Purchasing Agent who oversees purchasing for both the county and the school district. In addition to nearly forty years of public procurement experience, Mr. Sawyer possesses a strong background and interest in technology. He uses that enthusiasm for technology to solve many of the challenges presented by the distributed nature of his county's purchasing customers.

Of the county's many interesting technologies, the biggest improvement probably lies in using a system to help respond to the countless "What is the status of my purchase request?" inquiries that any purchasing department faces. Instead of fielding phone calls to respond to those mundane (but understandable) inquiries, the York County Central Purchasing department makes most of its purchasing documents available to every county employee via the county's intranet. To do this, the county Purchasing Department currently scans in an image of every important page from each bid that it maintains. "It

ends up being just about every signature page," said Mr. Sawyer of those pages that his department decides to image. Those images are stored using an online, digital imaging solution provided from Laserfiche, a document management company based in Long Beach, California. The scanned images form the basis of the system, which the purchasing department uses to keep its internal customers apprised of the status of their procurement requests.

Using Laserfiche's Weblink product, the central purchasing department maintains an intranet page that is accessible by every county employee. Therefore, the requesting individual at York County Schools is able to view a fully executed copy of a purchase order and supporting documents with just the click of a mouse. "It didn't take a lot of training," said Mr. Sawyer. "And customers (county agencies) really seem to enjoy it."

In fact, while the county is not able to monitor precisely the traffic on its intranet, a similar internet site which provides information about available bids (and which is available for the public to view via the World Wide Web) gets more than 3,000 hits a month. That is many incoming phone calls that the central purchasing department is able to avoid each month!

The School District of Philadelphia: A paperless procurement office unleashes the power of the district's historic procurement information

The School District of Philadelphia's 217,000 students make it the seventh largest in the nation. The district has an annual operating budget of \$1.9 billion, and operates 273 public schools. However, despite the size and complexity associated with managing the purchasing needs of such a large agency, until recently its procurement department kept hard-copy records for every one of its more than 200 public bids a year.

Nevertheless, the department, led by Kimberly Sangster, CPPO, CPPB, the Senior Vice President, Procurement Services, realized that those hard-copy records held quite a bit of valuable information that could be used to speed the procurement process, increase the district's purchasing power and ensure compliance with law and regulation. The district hoped to abandon the hassle and cost of maintaining paper records.

The School District of Philadelphia hired Freerain

Systems, Inc., to undertake that process. Freerain oversaw the document scanning process for every paper file covering the last year of procurement (which amounted to 130,000 individual pages of information). At the same time, the database held key information from each bid. The database captured the commodity code, product description, vendor name, contract date, amount awarded, M/WBE status—28 fields in all—which form the data on which the district’s buyers can now perform searches.

Using Freerain’s Bid Information Management System (BIMS), the District Procurement Office is now a paperless office. Every piece of information in the procurement process is stored electronically and accessed through a secure, internet-based web page. Every member of the procurement department has access to that web page at different levels of access based on the specific needs of their particular jobs. The information stored includes not just images of every vendor response, but also the Microsoft Word and Excel files that are used by the procurement department as well as esoteric file types that might accompany a specialized bid. The result is a complete, secure, online accessible historic bid record.

Whereas researching and retrieving information from the paper-based documents used to take hours or

days (if the searches were possible at all), retrieving information is now no more than a couple of mouse clicks away. Using the BIMS product, the School District of Philadelphia can now uncover information it never would have been able to access previously. Take, for example, a search for every response received from a particular vendor in the last year. That would have been impossible a year ago. Now it is a 30-second process.

The BIMS process also brings other benefits, including ensuring complete procurement records. “I really like the fact that I know our records are complete. If we’re missing a piece of a complete bid package, the system warns us before it becomes a problem,” said Ms. Sangster. “Whereas before there was no way of knowing whether we were missing a signature page, an award sheet, or a pricing quotation.”

Author bio: Josh Karp is the founder and CEO of Freerain Systems, Inc., Chicago-based Software Company focused on improving procurement for school districts and other government agencies. He is an accomplished technologist, consultant and entrepreneur with significant experience in systems and procurement for the educational field.

The best contact for communication about this article is: Andrew Taylor, ataylor@freerainsystems.com, 312.893.5055



JENNIFER KUEHL
High School Math Teacher
Verona

THE TRUST DIFFERENCE

“The accident was on a Wednesday afternoon. I waited until the next morning to call the Trust. I talked to a gentleman by the name of John. He was just wonderful—calm and patient. He made me feel like everything I felt at that moment was completely normal. He would do everything that I needed him to do to help me out. It didn’t feel like an insurance company at all.”



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