P.O. Box 755
Big Bear City, CA 92314
(909) 585-3219
(909) 585-2900 fax
FlyBigBear.com

"The Big Bear Airport District provides Big Bear Valley with a safe, efficient and superior venue for aviation operations"

SPECIAL BOARD OF DIRECTORS MEETING
Big Bear Airport District

WEDNESDAY, APRIL 10, 2019
9:00 A.M.

A G E N D A

Big Bear Airport
Terminal Building - West Wing Board Room
501 Valley Blvd.
Big Bear City, CA 92314

BOARD MEMBERS:

Steven J. Castillo, President
Wesley Krause, Vice President
William W. Goddard
Joseph Kelly
Marikay Lindstrom

Unless you are a public safety official, please turn off your cell phone or place it on vibrate mode during the Meeting.

This Agenda is prepared and posted pursuant to the requirements of the California Government Code Section 54954.2, which is a portion of California's Open Meeting Law called the "Brown Act". The Agenda contains a brief, general description of each item of business to be discussed and/or transacted. Prior to acting on any Agenda item, the Board will consider public comments.

1. **CALL TO ORDER**

2. **FLAG SALUTE**

3. **MISSION STATEMENT:** The Big Bear Airport District serves the Big Bear Valley by providing a safe, efficient, and superior venue for aviation operations.

4. **ROLL CALL AND INTRODUCTIONS**

5. **APPROVAL OF AGENDA**

6. **PUBLIC COMMENTS:** A person wishing to comment on an Agenda item should raise his or her hand to be recognized by the President/Chair and move to the podium, at which time he or she has three (3) minutes to complete those comments, unless a longer time is granted. No speaker may allot his or her time to others.

   6A. Comments on Agenda items: Comments concerning matters on the Agenda will be heard at the time the matter is considered.

   6B. Comments on non-Agenda items: Comments concerning matters not on the Agenda will be heard during the Public Comment section of the Agenda. A speaker's comments should be within the subject matter jurisdiction of the Big Bear Airport District Board.

Please note that if you are addressing the Board on items not on the Agenda, the Brown Act does not allow Board discussion of such items because they are not on the Agenda and thus were not noticed publicly. Therefore, the Board may only do the following: refer the matter to staff, ask for additional information or request a report back, or give a very limited factual response. Your comments may be placed on the Agenda for future discussion. Non-Agenda comments are limited to a total of 15 minutes.

7. **BUSINESS MATTERS – DISCUSSION AND POSSIBLE ACTION:**

   7.1. Terminal Building

   Board to discuss: a new terminal building's size, design elements, layout, District needs, project funding, and the procurement processes available; and potentially direct staff to start the process for funding and the construction of a new building.

8. NEXT MEETING DATES:

Wednesday, April 10, 2019 at 4:00 P.M. – Regular Board of Directors Meeting
Location: Terminal Building – West Wing Board Room

9. ADJOURNMENT

CERTIFICATION: I, Diane Cartwright, Board Secretary of the Big Bear Airport District, do hereby certify that I posted a copy of the foregoing Agenda on April 9, 2019, at least 72 hours in advance of the Big Bear Airport Board of Directors Regular Meeting (Government Code Section 54954.2).

Diane Cartwright
Certified Board Secretary
Big Bear Airport District

The Big Bear Airport District Board Meeting area is handicapped accessible. Persons with disabilities can receive this Agenda in an alternative format and should call the Airport Office at (909) 585-3219. Notification of 48 hours prior to the Meeting will enable the District to make arrangements to assure accessibility to the Meeting. The Agenda is available for review. Agenda items are posted on the District Website at www.flybigbear.com. If access to the Website is not available, copies may be obtained by calling the Airport Office.

Agenda Report

Date: April 10, 2019

To: Board of Directors

From: Jack Roberts, General Manager

Subject: Terminal Building

Background:

The Big Bear Airport District Board of Directors directed staff to stop further improvements on the Big Bear Airport District terminal building at the December 14, 2018 Special Board Meeting. At the February 13, 2019 Regular Board Meeting, the Board authorized staff to start the RFP process for a design-build terminal building. After the February meeting, staff learned of a process available through Sourcewell to procure a design-build terminal building. Sourcewell was used at the Monterey-Salinas Transit District to build a $15M transportation depot using BlueScope Steel. Additionally, staff took directors on a tour of a pre-engineered steel building that was recently built at Bear Mountain ski resort. At the March 13, 2019 Regular Board Meeting, staff presented the Sourcewell option to the Board to consider. The Board indicated that they would like to meet again to discuss items such as the size of the building, design elements, inside layout, and tenant space. Below are conversation starters for the Board to consider on the topics mentioned above as well as a discussion of finances and a discussion of the procurement process.

Finances: The difficult question for the terminal building is how do we pay for it? In the past, the Board was presented with a phasing of payment for the renovation of the current terminal building. After careful review, those estimated revenue and expenses were not accurate nor would that approach fully finance the renovation of the terminal building. After the cost of the new fuel farm and staying under budget for most budget items, the project FY19 Budget will end with a surplus of approximately $450K. Approximately a year ago the estimate was that we would have a $1M surplus. To date, our reserves are $4.2M, and with the traditional $1M set aside to maintain in reserves, we have $3.2M for capital projects – a little over 50% of the funding needed for a new terminal building, and about 25% of the funding needed to renovate the current terminal building.

Therefore, staff has been researching financing options for funding the construction of a terminal building. One option is outlined in Attachment 1 – a USDA low interest loan with the potential of a partial grant. I have experience with the USDA and this funding opportunity from my previous position with DWP. While at DWP, I worked with the USDA to get a $15M funding opportunity that became $12M in a low interest loan and $3M in a grant. The loan portion of the opportunity is a 40-year term at 2.375% interest with no prepayment penalty. If the Board were

to pursue USDA funding and the USDA were to not fund a grant, the following is estimated annual payments for funding the terminal building:

1. $6M (full amount) - $240K annual payment
2. $4M (leaving reserves for other projects) - $180K annual payment
3. $3M (taking us to the $1M reserves) - $120K annual payment
4. $2M (relies on estimates for FY19 and FY20 reserve deposits) - $80K annual payment

Another funding opportunity that District counsel informed staff about is through CSDA. I am less familiar with this program, but it is outlined in Attachment 2. Essentially, it is a loan program where CSDA pays for the project, and we lease the building back until it is paid off. Locally, the Desert Recreation District is in the process to use this funding source for the second time.

Regardless of the funding opportunity used, the Board retains full control of approving terms and conditions of the loans and may decide to seek another opportunity or reconsider whether to move forward. It is important to note that the budget data for FY19 is projecting the District to put $450K into reserves and for FY20 an additional $200K into reserves. Staff knows it is important to live within the budget. The financing options presented above allow the District to build a new terminal building while living within our means and continuing the tradition of not going to the public to provide more funding.

New Terminal Building Considerations:

1. Size:
   The size that is currently being used by District administration, Helicopter Big Bear, and the Barnstorm restaurant is 5,124 square feet. It is estimated that the District needs 8,000 square feet for current needs, and for marginal cost, can expand the building to 10,000 or 12,000 square feet.

2. Design Elements:
   In assessing the opportunities for design options with new construction we must keep in mind that for those arriving via air, the District is the first face of the community. Those with airplanes may bring significant economic investment – as highlighted in the economic impact study commissioned by the Board. Whatever the nature of those served, the Board must consider appropriate design elements that are attractive to current and future clientele as well as representative of the District's mission and the community. For that reason, staff recommends Craftsman Style design elements as the finish for the building. The Craftsman Style was made popular in the early 20th century on both coasts, but rooted in Pasadena, CA on the West Coast. The style was a revolt to the industrial movement and favored the use of natural and handcrafted materials. This style is fitting for both the location and our mountain community.

3. Inside Layout:
   The location of the terminal building will drive the inside layout due to view. Staff looked at the engineer recommended places for a new building and consulted as-built drawings to determine if there are any in-ground conflicts. Staff recommends the placement of a new terminal building directly to the north of the current terminal building as a rectangular

building running parallel to the runway – allowing maximum viewing of the airfield. Due The basic elements of the inside of terminal building, it should include: a pilots' lounge/planning; boardroom that if large enough can double as a community events space; administration with employee break area; restaurant; lobby area; and kiosks for rental car and air tour businesses.

4. Space for Tenants:
   The Board needs to decide if the terminal building should be constructed large enough to house tenants (either current or future) who would provide needed services to those using the airport. Without a significant price increase, it is possible to add square footage during the initial phase of design and we would essentially be looking at just the increase in material cost if we leave the unfinished space for future use.

5. Procurement Process:
   a. Request for Proposal (RFP) for Design Build:
      The process for a Design-Build RFP is to publish an RFP for potential companies to consider submitting bids to construct the terminal building. That process is about four months long. The District is obligated to take the bid from what is determined to be the lowest responsible bidder. Often what this process leads to is bidders submitting bids at the lowest cost possible to win the bid and any item that wasn't specifically listed in the RFP becomes a change order and thus increases the cost of construction. After the initial bid is accepted, the following are the steps in the process:
      1. Design of the building and foundation based on the site. Changes made at this point adjust the total budget of the project. Decision Point and Progress Payment
      2. Site Preparation for the foundation and utilities. Progress Payment
      3. Foundation Construction. Progress Payment
      4. Building Construction. Progress Payment
      5. Interior Construction. Progress Payment
      6. Final Walk-through for Acceptance. Progress Payment

   b. Sourcewell Process for Design Build:
      The time for Sourcewell is significantly reduced because the vendors offering products and services have gone through an RFP process already (saving approximately 4 months of the process). The Sourcewell process is similar to the Federal GSA process or what most counties in California have, which is a purchasing department. Sourcewell does all the legwork to meet the legal procurement process through RFPs and then those vetted vendors are able to offer products and services directly to public agencies. The project proposed by BlueScope Steel (with Knight as the subcontractor) would have a not-to-exceed price (+/- design changes). As with all our construction projects, payments are made via progress payments – unlike purchasing a vehicle. Further, BlueScope Steel is proposing that the contract be written so that progress payments are made for actual costs. If an actual cost comes out lower than the estimate, the savings stays with the District. If the Board selects the Sourcewell option, then the process is to execute a contract, then the same steps as above (putting us ahead time wise and with actual costs):
      1. Design of the building and foundation based on the site. Changes made at this point adjust the total budget of the project. Decision Point and Progress Payment

2. Site Preparation for the foundation and utilities. Progress Payment
3. Foundation Construction. Progress Payment
4. Building Construction. Progress Payment
5. Interior Construction. Progress Payment
6. Final Walk-through for Acceptance. Progress Payment

Financial Impact:

Depending on the Board decision, the cost of a new building has been estimated at $6M.

Recommendation:

1. Board direct staff to pursue a funding opportunity with USDA or CSDA (or both).
2. Board provide direction to staff on the size of the building, design elements desired, and basic inside layout.
3. Select Sourcewell and BlueScope Steel for the construction of the new terminal building.

USDA United States Department of Agriculture

Rural Development

Community Facilities Direct Loan & Grant

What does this program do?

This program provides affordable funding to develop essential community facilities in rural areas. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community in a primarily rural area, and does not include private, commercial or business undertakings.

Who may apply for this program?

Eligible borrowers include:

- Public bodies
- Community-based nonprofit corporations
- Federally recognized Tribes

What is an eligible area?

Rural areas including cities, villages, townships and towns including Federally Recognized Tribal Lands with no more than 20,000 residents according to the latest **U.S. Census Data** are eligible for this program.

How may funds be used?

Funds can be used to purchase, construct, and/or improve essential community facilities, purchase equipment and pay related project expenses.

Examples of essential community facilities include:

- Healthcare facilities such as hospitals, medical clinics, dental clinics, nursing homes or assisted living facilities
- Public facilities such as town halls, courthouses, airport hangars or street improvements
- Community support services such as child care centers, community centers, fairgrounds or transitional housing
- Public safety services such as fire departments, police stations, prisons, police vehicles, fire trucks, public works vehicles or equipment
- Educational services such as museums, libraries or private schools
- Utility services such as telemedicine or distance learning equipment
- Local food systems such as community gardens, food pantries, community kitchens, food banks, food hubs or greenhouses

For a complete list see Code of Federal Regulations 7 CFR, Part 1942.17(d) for loans; **7 CFR, Part 3570.62** for grants.

What kinds of funding are available?

- Low interest direct loans
- Grants
- A combination of the two above, as well as our **loan guarantee program**. These may be combined with commercial financing to finance one project if all eligibility and feasibility requirements are met.

What are the funding priorities?

Priority point system based on population, median household income

- Small communities with a population of 5,500 or less
- Low-income communities having a median household income below 80% of the state nonmetropolitan median household income.

What are the terms?

Funding is provided through a competitive process.

Direct Loan:

- Loan repayment terms may not be longer than the useful life of the facility, state statutes, the applicants authority, or a maximum of 40 years, whichever is less.
- Interest rates are set by Rural Development, contact us for details and current rates.
- Once the loan is approved, the interest rate is fixed for the entire term of the loan, and is determined by the median household income of the service area.
- There are no pre-payment penalties.
- Contact us for details and current interest rates applicable for your project.

Community Facilities Direct Loan & Grant

What are the terms? (continued)

Grant Approval:

Grant funds must be available. Applicant must be eligible for grant assistance, which is provided on a graduated scale with smaller communities with the lowest median household income being eligible for projects with a higher proportion of grant funds. Grant assistance is limited to the following percentages of eligible project costs:

Maximum of 75 percent when the proposed project is:

- Located in a rural community having a population of 5,000 or fewer; and
- The median household income of the proposed service area is below the higher of the poverty line or 60 percent of the State nonmetropolitan median household income.

Maximum of 55 percent when the proposed project is:

- Located in a rural community having a population of 12,000 or fewer; and
- The median household income of the proposed service area is below the higher of the poverty line or 70 percent of the State nonmetropolitan median household income.

Maximum of 35 percent when the proposed project is:

- Located in a rural community having a population of 20,000 or fewer; and
- The median household income of the proposed service area is below the higher of the poverty line or 80 percent of the State nonmetropolitan median household income.

Maximum of 15 percent when the proposed project is:

- Located in a rural community having a population of 20,000 or fewer; and
- The median household income of the proposed service area is below the higher of the poverty line or 90 percent of the State nonmetropolitan median household income. The proposed project must meet both percentage criteria. Grants are further limited.

Are there additional requirements?

- Applicants must have legal authority to borrow money, obtain security, repay loans, construct, operate, and maintain the proposed facilities
- Applicants must be unable to finance the project from their own resources and/or through commercial credit at reasonable rates and terms
- Facilities must serve rural area where they are/will be located
- Project must demonstrate substantial community support
- Environmental review must be completed/acceptable

How do we get started?

Contact your **local offices** to discuss your specific project. Applications are accepted year round

Who can answer questions?

Contact our **local office** that serves your area.

What governs this program?

- Direct Loan: 7 CFR Part 1942, Subpart A
- Grant: 7 CFR Part 3570, Subpart A

NOTE: Because citations and other information may be subject to change please always consult the program instructions listed in the section above titled "What Law Governs this Program?" You may also contact **your local office** for assistance. You will find additional forms, resources, and program information at **www.rd.usda.gov**. ***USDA is an equal opportunity provider, employer, and lender.***

Last Updated February 2015

/ LEASE-PURCHASE FINANCING FAQS

Lease-purchase financing is becoming an increasingly important element in the financial management strategies of local governments. Nationwide, the annual dollar volume of lease-purchase obligations has grown from $700 million in 1980 to an estimated $8 billion in 2000. As it has grown, the lease-purchase market has also evolved to address a variety of funding needs and institutional constraints. To assist public officials and staff to understand the state of lease-purchase financing, these are some fundamental questions that are most frequently raised on this subject.

What is Lease-Purchase Financing?

Lease-purchase financing is one means by which a municipality or a public agency can acquire real or personal property. It involves the purchase of an asset through periodic lease payments, which have principal and interest components. Lease-purchase financing is an alternative to purchasing an asset with cash, acquiring its use for a period of time through a true lease or issuing bonds.

How does Lease-Purchase Financing Differ from True Leasing?

To a governmental lessee, the difference between lease-purchase financing and true leasing is who owns or will own the asset. In a lease-purchase, the lessee acquires an ownership interest in the asset, obtaining title to the asset at the end of the lease term. In a true lease, the lessee acquires only the right to use the asset for a period of time, but no ownership of the asset. The term of a true lease is usually much shorter than the useful life of the asset, while a term of a lease-purchase generally approximates its useful life. The term length differs because of what happens at the end of the term. With a true lease, the municipality typically relinquishes the asset but may purchase it at a price that reflects its residual or market value. With a lease-purchase, the municipality retains the asset.

How does Lease-Purchase Financing Differ from Bond Financing?

A bond financing is an exercise of a governmental entity's authority to incur debt. Unlike a bond issuance, in most states a lease-purchase financing is not considered to be debt for state law purposes and voter approvals are not necessary to authorize the transaction. The underlying security for the two types of obligations is also different. With bond financing, the borrower pledges a designated revenue source, such as property taxes or user charges, and obligates itself to raise revenues to the extent necessary to pay debt service. Usually there is no such obligation supporting a lease-purchase agreement. The governmental entity agrees only to budget and appropriate payments from available revenues each year.

What Types of Assets Can be Acquired Through Lease-Purchase Financing?

Lease-purchase financing can be used to finance almost any real type of personal property that the public agency has the authority to

acquire. Among the most-often leased property:

- Computers
- Office equipment
- Buses
- Permanent buildings
- Fire fighting equipment and vehicles
- Portable buildings
- Heavy equipment and machinery
- Road maintenance vehicles
- Light aircraft and helicopters
- Solid waste disposal equipment
- Medical equipment
- Telecommunication systems

What Factors Should be Considered in Deciding When to Lease-Purchase?

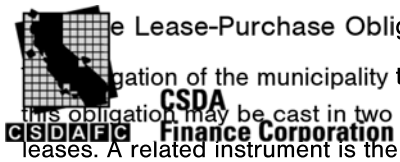
The primary financial objective of any asset acquisition decision is to obtain the use of the asset for the lowest possible total cost, as measured over the period the asset is to be used. Of course, other considerations are important, and may determine which options are available or appropriate in a particular jurisdiction or situation. Factors that should be considered include:

- Availability of cash at time of procurement
- Competing demands on capital resources
- Essentiality of the asset to the basic functions of the agency
- Useful life of the asset
- Desirability of matching costs and benefits over time
- Ability to improve bargaining positions with vendors
- Political attitudes toward debt financing

There are relatively few instances where all four options - paying cash, true leasing, lease-purchase financing and the issuance of bonds - are available and appropriate. Each is particularly suited for different types of assets. Cash is appropriate for low-cost items, those with short useful lives or assets which do not serve essential governmental functions. True leasing is useful for assets that tend to become technologically obsolete in a short time (one to three years), those that serve a function of limited duration, or that require regular service or maintenance. Historically, lease-purchase financing works best for assets with a useful life of three to seven years, that serve an essential governmental function and carry an initial cost that would consume a disproportionate amount of available cash. The issuance of bonds usually is reserved for the most costly capital expenditures, typically assets with a useful life of at least ten years, and a source of revenues that can be pledged to pay debt service.

When the costs of two or more available options differ, they should be compared in terms of all of their associated costs. In addition to payments for the asset itself, these include down payments, transaction costs, legal fees, operating and maintenance expenses, ongoing administrative costs and service fees. There are various methods for comparing the costs of different asset acquisition strategies, such as present value analysis and equivalent annual worth analysis. Present value analysis is most useful for comparing alternatives with the same term length or comparing lease-purchasing to paying cash. Equivalent annual worth analysis is most useful for comparing alternatives with different term length, such as true leasing and lease-purchasing. These are not the only methods for evaluating asset acquisition strategies, but any analytical approach must incorporate the time value of money to yield a meaningful result.

Attachment 2



e Lease-Purchase Obligations Structured?

gation of the municipality to make periodic lease payments is the cornerstone of the lease-purchase transaction. In California , this obligation may be cast in two different ways. The resultant structures are known as "covenant" leases and "annual appropriation" leases. A related instrument is the installment sale obligation.

How are Lease Obligations Funded?

Once it has been decided that lease-purchase financing is the least expensive or the most appropriate means to acquire one or more capital assets, a funding strategy must be implemented to use this financing tool most effectively. There are essentially four funding sources from which municipalities can obtain lease-purchase financing.

How do Transaction Costs Affect the Cost of Borrowing?

In deciding which strategy will provide funding at the lowest cost, both the stated interest rate and the transaction costs must be taken into account. Adding transaction costs to a financing increases the ultimate cost above that indicated by the stated interest rate.

What are the Essential Components of a Successful Lease-Purchase Financing Program?

Lease-purchase financing should be regarded as one element of an overall financial management strategy. A well-designed program can help balance capital expenditures over time, and, if the Effective Interest Cost is below the investment rate earned on fund balances, it can actually extend limited capital resources. There are several key steps to designing and implementing a lease-purchase program. The most important of these are:

- Establish the legal authority to lease-purchase and the limits to this authority.
- Determine which capital expenditures are appropriate for lease-purchase financing.
- Decide whether to finance each acquisition separately, or to undertake a single financing to fund all of the lease purchasing for a fiscal year.
- Monitor all transaction costs.
- Understand the transaction terms.

What are the Basic Elements for Concluding a Lease-Purchase Financing?

- Reaching agreement on acceptable lease rate of interest (annual percentage rate), payment frequency, repayment term and method of funding.
- Obtaining authorization by Lessee's governing body including adoption of resolution.
- Obtaining legal review of lease documents by Lessee's counsel and issuance of legal opinion.
- Executing and delivering to Lessor the Lease documentation, legal opinion and insurance certificates.

Attachment 2

ECONVERSE MEDIA

CSDA
Finance Corporation

1112 I Street, Suite 200 | Sacramento, CA 95814 | Toll-free: 877.924.2732 | Fax: 916.520.2468

Sourcewell
Formerly NJPA

Solicitation Process

While it is the desire of Sourcewell to meet our members' procurement requirements, it is ultimately our members' responsibility to interpret local purchasing laws to determine their own ability to access and utilize Sourcewell contracts.

Our rigorous request for proposal (RFP) process is continuously being refined to meet the changing needs of our members. The desired result is a national, competitively solicited procurement and contract process that is not only valued by members but meets or exceeds their requirements—offering exceptional products and services from nationally acclaimed vendors.

1. **Identify Member Needs and Research Solutions**
   Sourcewell identifies areas of need through daily member interactions and advisory committees, then researches the best approach for each offering.

2. **Seek Authorization from Sourcewell's Board of Directors**
   After establishing the existence of member needs and a viable industry solution, permission from the publicly elected Sourcewell Board of Directors is sought to officially begin the development of the solicitation and overall procurement process.

3. **Draft Solicitation, Public Advertisement, and Notice**
   Our solicitation document is the cornerstone of cooperative contract purchasing. The consistency of the solicitation document, its response forms and evaluation criteria, are some of our greatest assets.

   Sourcewell advertises each RFP:
   - In print and online: Salt Lake News (Utah), USA Today (National), Daily Journal of Commerce (Oregon), The State (South Carolina)
   - On the Sourcewell website
   - On e-commerce sites: Biddingo, MERX, Onvia, PublicPurchase

   We also notify each state procurement department for re-posting of the solicitation within their system at their option.

4. **Conduct Pre-Proposal Conference, Followed by Receipt of Responses**
   Proposers are typically given five to six weeks from the advertisement of the RFP to respond. A Pre-Proposal Conference is conducted to answer questions and provide clarification. An addendum may be issued as necessary.

   For accuracy, Sourcewell time and date stamps each Proposal immediately upon receipt at our office in Staples, MN. Sourcewell conducts a public opening of the proposals received at the time, date, and place specified in the RFP.

5. **Evaluate Responses**
   Evaluation begins at the proposal opening by determining the responsiveness of each proposal. The final evaluation is conducted using the "Proposal Evaluation" form defined in the RFP (Form G). Click here for an example.

6. **Provide Recommendation to Chief Procurement Officer (CPO)**
   Recommendations of the evaluation committee are presented to the CPO for final review and possible award. The CPO has the final authority to issue or deny a procurement contract.

7. **Award Vendors**
   Upon approval by the CPO, the recommended vendor is awarded a four-year contract term with the potential for an additional one-year extension at the discretion of Sourcewell. The Procurement Department sends Notice of Award or Non-Award to all respondents via email.

8. **Posting and Reviewing Approved Contract Documents**
   A complete procurement file is maintained by Sourcewell, and contract documentation is posted on our website for review by our members and are periodically reviewed for compliance and effectiveness. Vendors are allowed to seek price and product changes upon the approval from Sourcewell.

Sourcewell
Formerly NJPA

To: Corey Jensen, Contract Administrator
From: Dan Listug, Government Relations Associate
Date: March 2019
RE: Use of Sourcewell Contracts in California

California Authority:
Eligible public agencies in California may utilize the Joint Powers Act, Cal. Gov. Code § 6502, to enter into joint powers agreements with Sourcewell to purchase goods and services without further competitive bidding.

Sourcewell Formation & Purpose:

Sourcewell, formerly National Joint Powers Alliance, is a service cooperative created by the Minnesota legislature.[i] Sourcewell was established with the statutory purpose to assist members in meeting specific needs which are more efficiently delivered cooperatively than by an entity individually,[ii] including cooperative purchasing services.[iii]

Sourcewell is a local government agency established pursuant to the Minnesota Constitution.[iv] All Sourcewell employees are government employees.[v] Sourcewell is governed by an eight-member board made up of local elected officials including county commissioners, city council members, mayors, and school board members.[vi] Member agencies include eligible government, education, and non-profit entities.[vii]

Sourcewell cooperative purchasing contracts are made available to its members through the Minnesota joint exercise of powers law.[viii] Sourcewell members outside of Minnesota may use its cooperative purchasing contracts under authority of joint powers[ix] or intergovernmental cooperation laws.

Sourcewell's Procurement Process:

Sourcewell follows Minnesota's competitive solicitation and contract laws to solicit, evaluate and award cooperative purchasing contracts for goods and services.[x] Features of the request for proposal process include:

Award Standard

Sourcewell follows an open, transparent, and fair procurement process utilizing competitive sealed proposals. Sourcewell solicitations are not based on detailed specifications. Rather, each request for proposal (RFP) is solutions-based to encourage vendors to offer the best overall quality and selection of products and services to meet the needs of Sourcewell's members.

Solicitation

Upon approval to solicit from the Board of Directors, Sourcewell's Procurement Department will develop an RFP based on the category of goods or services and the scope of the desired contract(s). The solicitation is then publicly noticed and advertised in several sources including, the Sourcewell website, USA Today, MERX, PublicPurchase.com, Biddingo and Onvia. Notice is also sent to all fifty states' procurement offices. Response deadlines are established in the RFP, and all responses are time-stamped

to ensure compliance with the deadline. Upon opening of all timely received responses, the Procurement Department begins its evaluation process.

Evaluation Criteria

All proposals received are reviewed to ensure two (2) levels of responsiveness:

- Level one includes a determination of whether the proposal was submitted in a timely manner, substantially conforms to submittal instructions, and contains all necessary forms, including pricing.
- Level two includes a scored, objective review of specific criteria, which may include an evaluation of pricing, depth of offerings, payment, delivery and warranty terms, responses to industry-specific questions, and company performance, financials, and government marketplace presence.

Sourcewell's evaluation committee assesses each proposal based on a 1,000-point scoring system. Evaluation criteria and relative weight designations are included on Form G of the published RFP.

Pricing will include at least a plurality of points for every RFP, which in part may be awarded based on pricing clarity and ease of use. In addition, the committee may assess factors affecting costs, including life-cycle costs, total cost of ownership, quality, and the suitability to member needs.

Sourcewell may award an exclusive contract or award contracts to multiple vendors. Because cooperative purchasing contracts are indefinite in quantity, Sourcewell reserves the right to make multiple awards to best meet the needs of its members.

Award Procedure

After completing evaluation and scoring, Sourcewell's proposal evaluation committee recommends contract award(s) to the Chief Procurement Officer (CPO). Acting under delegated authority from the Sourcewell Board of Directors, the CPO will then offer contract awards to vendors determined to be the most responsive and most able to serve the needs of current and potential Sourcewell members. All solicitation and contract documents are then made available upon request to Sourcewell members.

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[i] Minn. Stat. § 123A.21 (2018).
[ii] *Id*. at subd. 2.
[iii] *Id*. at subd.7(a)(23).
[iv] Minn. Const. art. XII, sec. 3. Minn. Stat. §§ 123A.21.
[vv] Minn. Stat. § 353.01, subd. 6(b) (2018).
[vi] *Id*. at subd.
[vii] *Id*. at subd. 3.
[viii] Minn. Stat. § 471.59 (2018).
[ix] Cal. Gov. Code § 6502 (2018).
[x] Minn. Stat. § 471.345 (2018).