

Dispelling the Myths

Mohave's presence has grown significantly since we began cooperative purchasing in 1988.

Along with the growth, have come some misconceptions, or myths, about Mohave. We believe it appropriate to briefly dispel those myths.

Mohave's 1% administrative fee is too high.

The administrative fee is our means for supporting Mohave's operations. The funds generated by that fee must be sufficient to pay for all salaries, facilities, vehicles, utilities, insurance, supplies, maintenance and repair, etc. Our history has demonstrated that 1% is the appropriate amount to meet this requirement and is less than or comparable to the fees charged by similar cooperatives around the nation.

Mohave is a vendor. Mohave is not a vendor. We do not sell materials or services or ship and receive products. We are a public procurement unit with procurement contracts that members can use to purchase a variety of goods and services. As of 2008, members issue purchase orders and make payment to Mohave vendors, instead of Mohave.

Mohave's prices are high because it contracts for convenience, not competition. The convenience of our contracts is for members, not Mohave. We work diligently to develop contracts that provide quality and value. While our term contracts do not have firm quantities, they do have the benefits of substantial purchase histories and combined purchasing power of approximately 350 member agencies to generate economies of scale and lower prices. We continually monitor our contracts to ensure members are getting good value from quality products at low prices.

Mohave awards too many contracts under one procurement solicitation. Every respondent gets a contract. Mohave awards contracts to the least number of suppliers determined necessary to meet the needs of our statewide membership. All Mohave contracts are awarded through the competitive sealed bid or proposal process. There are no sole source or emergency purchase contracts.

Mohave takes the bid and proposal processes very seriously. Like our members, we carefully apply the evaluation criteria, rules and regulations to the evaluation of every offer. Only responsible vendors with responsive offers receive consideration. Only the low responsive and responsible bids and most advantageous proposals result in contracts. Mohave generally rejects more offers than we award.

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Mohave Contracts A Good Choice



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What is Mohave?

Starting in 1971 as a school service agency providing career education, today Mohave is a nonprofit corporation known predominately for its cooperative purchasing contracts that benefit member agencies throughout Arizona. While public school districts comprise the largest single segment of our membership, cities, counties, community colleges, and qualifying nonprofit organizations also use Mohave contracts through cooperative purchase agreements. As a statewide public procurement unit, administrative fees paid by users fund Mohave. No direct tax dollars come to us.



When Mohave establishes contracts, we provide our members with the availability of quality goods and services at competitive prices. Mohave contracts save members time and money. Time is saved because members can purchase what is needed without waiting for a bidding process. Members save money by combining the purchases of many agencies for economies of scale and lower prices.

Additionally, Mohave contracts provide members with choice. Members do not have to use Mohave. However, when using our contracts, members do so knowing that they obtain convenience and value from legal and ethical contracts that meet all of the competitive procurement requirements of the State of Arizona.

What policies and procedures govern Mohave solicitations and contracts?

Mohave's purchasing policies and procedures come from the Arizona State Board of Education School District Procurement Rules, the Arizona Procurement Code and other sections of the Arizona Revised Statutes. They are designed to obtain maximum value and benefit for our members, promote active participation from qualified vendors, and provide fair, open and nondiscriminatory competition.



Mohave meets the same requirements placed upon our members. That's why members can use us with confidence. Our Invitations for Bid and Requests for Proposals are carefully written to comply with the rules, regulations and statutes of the state, and the ethical standards that apply to public purchasing.

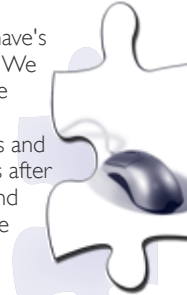
Because we meet the requirements, our members are considered to have met the requirements. In other words, Mohave contracts are not a way to avoid the bidding requirements. They are a legal means to satisfy them, just as if the members had conducted the competitive procurements themselves.

What is available for purchase from Mohave contracts?

Mohave contracts for a variety of goods and services. Computers, portable buildings, playground equipment, roofing, cabling, school buses, financial management, third party financing, software systems, and copiers are just a few examples.

► **Check the Product/Vendor Finder on our website, www.mesc.org, for detailed information about our various contracts.**

Members play a large role in determining Mohave's contracted materials, equipment and services. We routinely receive new contract requests. Those requests are reviewed to determine if there is sufficient interest for viable statewide contracts and if Mohave can effectively manage the contracts after award. When requests for apparently viable and manageable contracts are received, competitive procurement solicitations are issued to interested vendors.



How can my organization get involved?

Mohave's members include public school districts and government entities that are political subdivisions. Nonprofit educational or healthcare institutions that are political subdivisions for purposes of federal income tax or meet the requirements of § 115 of the Internal Revenue Code may also become members.

Joining Mohave is as simple as completing a Mohave Cooperative Purchase Agreement and forwarding it to us for review and approval. There are no membership fees or annual dues. The only cost to members is a one percent (1%) administrative fee that is required to be included in the quoted contact prices from the contracted vendors.

A copy of the Cooperative Purchase Agreement can be obtained from our website at www.mesc.org or by calling us at (928) 753-6945. Once approved, the Cooperative Purchase Agreement remains in effect until cancelled.

Why is there a 1% administrative fee?

As previously stated, Mohave receives no direct tax money. Mohave is a nonprofit business governed under Title 10 of the Arizona Revised Statutes. We must raise the funds that are required to pay for our operations. This is not only necessary, but also required by law.

Mohave funds its operations with an administrative fee equal to one percent (1%) of the purchase price of ordered materials or services. Many purchasing cooperatives charge similar fees on their contracts. The administrative fee is not paid on the value of shipping charges, taxes, bonds, permits, etc.

How do members order from Mohave contracts?

To use our contracts, members obtain firm quotes from Mohave contractors. The quotes must be for awarded materials and services at awarded prices. Members issue purchase orders to the Mohave contracted vendor based upon the contracted price. This is most often called a quote from the contracted vendor. Mohave reviews the member purchase orders to determine if the purchases are allowable under our contracts. Based upon that review, Mohave forwards via email the "MESC Reviewed" purchase order to the contractor(s) and also emails the member at the same time.

Mohave assists members with purchase verification. However, it is the member's responsibility to independently verify that quotations and purchase orders comply with the terms of the award of a contract or procurement. This responsibility is set by rule and statute and cannot be changed by Mohave. Electronic contract documentation files are available on our website to assist members in meeting this due diligence responsibility.

Our contractors may only provide materials or services upon receipt of "MESC Reviewed" purchase orders. Members may not use Mohave contracts by sending purchase orders directly to the contractors. This helps ensure that all purchases comply with our contracts and protects our members, contractors and Mohave from the consequences of improper purchases.

How is payment made?

Mohave's vendors will directly bill the individual member that issued the purchase order to them. Members are asked to pay promptly and within the 30 days of receipt of the goods or services. Members may take advantage of early pay discounts offered by the contracted vendor; however, these discounts must be part of the terms of the contract.



What oversight does Mohave receive?

Mohave follows sound business practices for budgeting, accounting and financial reporting. Our procurement and financial activities are matters of public record. An independent CPA firm annually audits our procurement and financial records and specifically reviews our procurement practices for compliance with the procurement rules. Mohave constantly reviews and revises its practices and procedures to comply with the rules and to best service our members.

We trust that this brochure has answered some of your questions about Mohave contracts. Please contact us at (928) 753-6945 or visit our website at www.mesc.org for more information.
