



**Metro**

January 23, 2006

**TO: BOARD OF DIRECTORS**

**THROUGH: ROGER SNOBLE**  
*[Signature]*  
**CHIEF EXECUTIVE OFFICER**

**FROM: LONNIE MITCHELL**  
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**EXECUTIVE OFFICER**  
**PROCUREMENT & MATERIAL MANAGEMENT**

**SUBJECT: ITEM 10, FINANCE & BUDGET COMMITTEE AGENDA,  
JANUARY 2006 (WESTERN STATES CONTRACTING  
ALLIANCE MASTER PRICE AGREEMENT)**

**ISSUE**

During presentation of the subject item, Director Fleming asked how we would ensure "Fair and Reasonable" pricing over the duration of the Western States Contracting Alliance Master Price Agreement (WSCA). This Board Box expands upon the answer provided during the Committee Meeting.

**BACKGROUND**

The Western States Contracting Alliance (WSCA) was formed in October 1993 by the state purchasing directors from fifteen western states, to achieve cost-effective and efficient acquisition of quality products and services by allowing the agencies to take advantage of the buying power of the WSCA consortium.

The WSCA Master Price Agreement provides a purchasing vehicle for computer equipment, software, peripherals and related services for covered state and local government agencies.

**DISCUSSION**

The contractors were qualified and selected through a process whereby the potential suppliers provide to the WSCA a discount to their standard pricing, which can be passed along to the governmental agencies. The competition essentially pitted manufacturers against manufacturers to sell through the WSCA at deep discounts.

For example, Dell's sales strategy for government business is to sell direct to the end user, excluding their distributors, who are unable to compete with the deep discounts available, or the buying leverage provided through the WSCA. This is especially beneficial to Metro, as Dell is Metro's standard for much of our desktop equipment and peripherals..

The pricing available to WSCA participants reflects the pricing trends of the electronics industry, prices change almost daily. Some manufacturers provide quotes upon request, others provide pricing on a special website for WSCA participants. Unlike the State Store contract, previously used by Metro, there is no fee to the agency when utilizing the WSCA.

Staff conducted analysis to ensure that the pricing was more advantageous under the WSCA, and found that the price advantage was four to ten percent on small items, and up to eighteen percent on larger items. As requirements are identified and ordered, staff will continue to review and compare the pricing to ensure that the purchases made under the WSCA are the most advantageous to Metro.

#### **NEXT STEPS**

None, presented for information only.