TECHNICAL BULLETIN No. 007

TITLE: **Statewide Cooperative Program - Administrative Fee**

REVISION: **1**

DATE(s): Current Version: **October 18, 2023** Previous Version: **N/A**

I. Authority

A. Applicable Arizona Revised Statutes (A.R.S.)

A.R.S. § 41-2511	Authority of the Director
A.R.S. § 41-2512	Delegation of authority or functions by the Director
A.R.S. § 41-2631	Definitions
A.R.S. § 41-2632	Cooperative purchasing authorized
A.R.S. § 41-2633	Use of payments received by a supplying public procurement unit
A.R.S. § 41-2634	Public procurement units in compliance with chapter requirements

B. Applicable Arizona Administrative Code (A.A.C.)

A.A.C. R2-7-1002	Cooperative Purchasing Agreement Administered by an Agency Chief Procurement Officer

II. Definitions

A. “Arizona Procurement Code” means A.R.S. Title 41, Chapter 23, §§ 41-2501 *et seq*. and the administrative rules promulgated thereunder, A.A.C. Title 2, Chapter 7, R2-7-101 *et seq*.

B. “Co-Op Buyer” means a member of the Arizona Purchasing Cooperative that has entered into a cooperative purchasing agreement with the Arizona Department of Administration State Procurement Office (SPO) under A.R.S. § 41-2632.

C. "Cooperative purchasing" means procurement conducted by, or on behalf of, more than one public procurement unit. [A.R.S. § 41-2631(1).]

D. “External procurement activity” means any buying organization not located in this state that would qualify as a public procurement unit. [A.R.S. § 41-2631(2).]

This publication is not intended or represented to be the official record of laws and regulations covered under statutes, A.R.S. § 41-2501 et. seq., and administrative rules and regulations A.A.C. R2-7-101 et. seq., that constitutes the Arizona Procurement Code (APC or “Code”). In the event of a discrepancy between this publication and applicable statute and rule, statute and rule shall prevail.

E. "Local public procurement unit" means any political subdivision, any agency, board, department or other instrumentality of such political subdivision and any nonprofit corporation created solely for the purpose of administering a cooperative purchase under this article. [A.R.S. § 41-2631(3).]

F. "Nonprofit corporation" means any nonprofit corporation as designated by the internal revenue service under section 501(c)(3) through 501(c)(6) or under section 115, if created by two or more local public procurement units, and includes certified nonprofit agencies that serve individuals with disabilities as defined in section 41-2636. [A.R.S. § 41-2631(4).]

G. "Public procurement unit" means either a local public procurement unit, the department, any other state or an agency of the United States. [A.R.S. § 41-2631(5).]

III. Policy

A. Purpose: The State Procurement Office (SPO) authorizes certain procurement officers to provide procurement services to Public Procurement Units on behalf of the Arizona Cooperative Program by completing procurements that are in compliance with the Arizona Procurement Code pursuant to A.R.S. § 41-2634. Those contracts are made available to Public Procurement Units, external procurement units, and nonprofit organizations through the SPO website and the State's eProcurement System. All SPO staff support this process, as the majority of the contracts held by the State Procurement Office are cooperative contracts, and every team within SPO supports the process of keeping SPO contracts in compliance with the Arizona Procurement Code through their procurement efforts; supervising, training, and mentoring of procurement officers; and compliance activities including, but not limited to, Procurement Compliance Reviews and the creation of templates and forms for procurement use.

B. Administrative Fees: State contractors on Cooperative Purchasing contracts shall pay State an administrative fee against all Cooperative Purchasing contract sales to Co-Op Buyers, as provided for under A.R.S. § 41-2633, to defray the cost of the cooperative program. There are scheduled increases to the administrative fee over the next two fiscal years. Starting January 1, 2024, the administrative fee is one and a half (1.5%) percent. On January 1, 2025, the administrative fee will increase to two percent (2%). These increases will cover the future costs to SPO associated with the cooperative program.

IV. Effective

This Technical Bulletin is hereby authorized and effective on 10/18/2023, unless otherwise revised or repealed.

ED Jimenez (Oct 18, 2023 15:40 PDT)

Ed Jimenez, State Procurement Administrator

10/18/2023

Date Signed

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