

**TO:** Sourcewell cooperative purchasing community  
**FROM:** Dan Listug and Bill Otto, Sourcewell Government Relations Associates  
**DATE:** June 6, 2018  
**RE:** Formation and purpose, governance, cooperative purchasing, and joint powers authority

## FORMATION AND PURPOSE

Sourcewell is a local unit of government, a public agency called a service cooperative established under the laws of Minnesota. See Minn. Stat. § 123A.21, subd. 9. Formerly called the National Joint Powers Alliance, Sourcewell is one of several Minnesota service cooperatives created by the state legislature in 1976.<sup>1</sup> Initially named educational cooperative service units (ECSU), these entities were established “to assist in meeting the specific needs of participating governmental units which could be better provided by a cooperative than by the members themselves.”<sup>2</sup> ECSUs were later renamed service cooperatives (SC) to more accurately reflect the broad spectrum of governmental units they serve. SC were created and operate as a local government unit established by the state legislature pursuant to its constitutional authority<sup>3</sup>.

Sourcewell, and all other Minnesota SC, are governed by and gain their authority through Minnesota Statutes, § 123A.21.

## GOVERNANCE

The “care, management, and control” of Sourcewell is vested in its Board of Directors<sup>4</sup>, which consists of eight (8) publicly elected officials: Six (6) school board members, one (1) county commissioner, and one (1) mayor.<sup>5</sup> The board has broad authority to conduct the business necessary to maintain and operate the organization, including employing central administrative staff and other personnel, defining programs and services, and engaging in other activities necessary to carry out the duties delegated to it by voting members.<sup>6</sup>

Sourcewell was formed to serve a region, region 5, a geographically defined area consisting of Cass, Crow Wing, Morrison, Todd, and Wadena counties of Minnesota. Voting membership in Sourcewell is statutorily limited to public school districts, cities, counties, and other governmental units in that area.<sup>7</sup> Participating membership in Sourcewell is available to a wider variety of governmental units<sup>8</sup>, including those outside of the geographically defined area. Voting members meet annually to conduct organizational business, including the review and, if needed, updating, of the bylaws and documents that govern Sourcewell operations.<sup>9</sup> Members of the Board of Directors represent Voting members, entities from within region 5.

All Sourcewell employees are government employees. All property owned by Sourcewell is public property and must be used for essential public and governmental purposes. Id. at subd. 9(b). SC property is exempt from all taxes and assessments. Id.

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<sup>1</sup> See Minn. Stat. § 123.582 (1976).

<sup>2</sup> Id. at subd. 2.

<sup>3</sup> Minn. Const. art. XII, sec. 3.

<sup>4</sup> Click here for Sourcewell Board of Directors information.

<sup>5</sup> Minn. Stat. § 123A.21, subd. 4.

<sup>6</sup> Id. at subd. 5.

<sup>7</sup> Minn. Stat. § 123A.21, subd. 3.

<sup>8</sup> Id.; see also, Minn. Stat. § 471.59, subd. 1 defining “governmental unit.”

<sup>9</sup> Id. at subd. 10.

### COOPERATIVE PURCHASING

Cooperative purchasing is one of the programs and services Sourcewell is authorized to provide.<sup>10</sup> To provide this service, Sourcewell engages in the competitive solicitation process consistent with Minnesota law.<sup>11</sup> All solicitations are first authorized by the Board of Directors and contracts are awarded following public opening and investigation of the solicitation by committee and awarded by the Chief Procurement Officer.

Pursuant to state statute, the competitive process includes the following steps:

- Preparation of solicitation specifications,
- Publication of solicitation advertisement,
- Public opening and tabulation of responses,
- Investigation of responses, and the
- Solicitation disposition.

These contracts include agreements related to the sale, purchase, or rental of supplies, materials, or equipment; and the construction, alteration, repair, or maintenance of real or personal property. Contracts are written with four-year terms with an optional one-year extension following the fourth year.

Sourcewell maintains a complete procurement file and makes the contracts and supporting documentation for public review. Contract administrators from Sourcewell periodically review each contract to ensure compliance with agreed upon terms and to ensure the vendor is effectively meeting its obligations.

Entities that use Sourcewell cooperative purchasing contracts may be considered participating members of Sourcewell.

### JOINT POWERS AUTHORITY

Section 123A.21, subdivision 7, identifies, in general, the types of programs and services Sourcewell may provide. Through the joint exercise of powers authorized by Minnesota Statutes, § 471.59, Sourcewell is able to make these programs and services available to other governmental units. Because the term is defined broadly, “governmental unit” may include any government, education, or nonprofit agency in the United States and Canada that have similar joint powers, intergovernmental cooperation, or cooperative purchasing laws in their respective jurisdiction.

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<sup>10</sup> Minn. Stat. § 123A.21, subd. 7(a)(23).

<sup>11</sup> [Click here](#) for a description of Sourcewell’s solicitation process.