



State of New Mexico

Office of the Governor

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New Mexico Honored for Saving Millions for Taxpayers and Expanding Work with State Suppliers

State Secures New Warranty for Save Smart Initiative

SANTA FE – Governor Bill Richardson’s Administration will be honored for its successful Save Smart New Mexico initiative, which is leading to lower costs and better value to taxpayers, while expanding business with the state’s small businesses.

The state also secured a new performance guarantee from Silver Oak Solution, the company partnering with New Mexico, to help the state save twice what it receives in compensation by the end of the next fiscal year.

New Mexico is being honored with the “Outstanding Program Award” by the National Association of State Chief Administrators. The organization selected Save Smart New Mexico after examining some of the best ideas in government to find those that best “demonstrate outstanding leadership skills and innovation, creativity, advanced knowledge and efficiency in state government” (www.nasca.org).

"Save Smart proves that you don't need to strike a balance between cutting costs or increasing work with local business because, with the right approach, you can and should do both. You can be fiscally and socially responsible," said Gloria Homer, Delaware's past Secretary of Administrative Services and Chair of the NASCA Awards Committee. "Governor Richardson created an innovative road map for other states to follow."

Creates Millions in Annual Savings

“We have combined fiscal responsibility – saving millions in tax dollars – with economic development, giving more state business to New Mexicans,” Governor Bill Richardson

said. "This is how government is supposed to work. The millions we save with this program are already being invested where it counts – education, health care and job training for our state's future."

General Services Secretary Edward J. Lopez, Jr. who oversees the project, and William A. Gregoricus, the Governor's Director for Performance and Accountability who served as the Richardson's representative on the project, have been invited by NASCA to receive the award on the Governor's behalf and deliver a presentation to general services Secretaries from other states.

Expands State Work with State Businesses

While improving the value every New Mexico citizen receives for their tax dollars, SSNM proved that many best values come from small and in-state companies. In areas like computer hardware and mailing equipment, the state moved its contracts from multi-national companies located outside its borders to companies that call New Mexico home. Now, not only do New Mexico businesses supply items like mailing equipment the state uses to send out refund checks or permits – the state can buy them for 49% less than it did before. Local governments and public schools may also use the Save Smart program.

"Part of the business of our state government is to expand opportunity for our state's businesses," Richardson said. "Save Smart levels the playing field for small businesses and expands their opportunity to deliver true value."

Together, SSNM put in place over 60 new contracts on everything from food supplies to medical services for inmates in state prisons while typically reducing prices by 10-20%. While achieving these savings, SSNM sought to expand the work the state did with small and local businesses by providing hands-on training and assistance to small vendors in understanding and responding to procurement needs and structuring the procurement process to ensure that the requirements did not disadvantage small businesses in any way.

Secures Additional Performance Promise from Consulting Partner

Another step the state took to deliver the best value for its taxpayers was to secure a new performance warranty from the consulting firm Silver Oak Solutions, who served as the administration's partner in the project. Effective May 9, 2005, Silver Oak gave the state a new, tightened performance warranty for savings. Before the new agreement, Silver Oak was required to save the state twice what it received from the state during the 3-4 year life of the SSNM program. Under the new performance guarantee, Silver Oak accelerated the performance date to June 30, 2006 and added additional financial backing to the warranty if it is not met. This could include a \$2.7 million performance bond, a letter of credit naming the State of New Mexico as payee, or a refund or reimbursement of half of the compensation it receives from the State if the warranty is not met.

"Silver Oak Solutions actions are a bold and confident signal that it can and will deliver two for one savings by the end of the next fiscal year." Lopez said. "They are a good and reassuring investment of state resources."