

COSTARS™ CONNECTION



Governor Tom Corbett

Volume 5, Issue 2



Autumn, 2011

Secretary Sheri Phillips

COSTARS SPEND SURGES TO \$475 MILLION

Saves Members \$97 Million

The 7,081 COSTARS members, including 494 new members that registered during 2010, spent \$475,130,356 through the COSTARS program in 2010, an increase of 30 percent over 2009. Spend on COSTARS-exclusive contracts increased by 33 percent to \$349 million, while “piggy-back” spend on state agency contracts jumped by 20 percent to \$126 million.

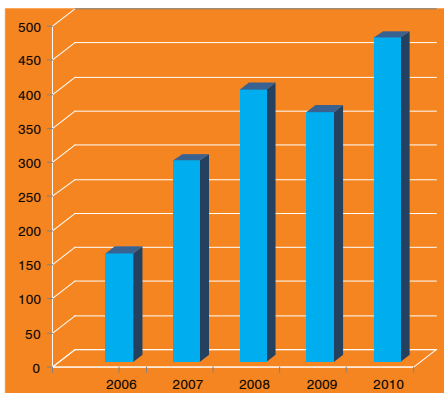
These are just a few of the facts and figures compiled and reported annually by COSTARS Marketing Manager Bruce Beardsley.

Among COSTARS-exclusive contracts, the COSTARS 3 - IT Hardware contract again outpaced all other contracts with \$183 million in spend- an increase of 72 percent over 2009. COSTARS 22 - Weatherization Supplies, which was introduced in mid-2009 in response to the federal economic

stimulus legislation, was the fastest growing contract, with an increase of 771 percent! Other COSTARS contracts that showed hefty increases were Voting Systems, Toiletries and Medical Supplies.

The state's Sodium Chloride (Roadsalt)

COSTARS SPEND (\$Millions)



contract had the largest COSTARS participation among state agency contracts with 1,527 COSTARS members spending \$48.6 million on the contract. (See related article on page 2)

Among suppliers on COSTARS-exclusive contracts reporting sales, the average supplier reported COSTARS sales of \$734,345 in 2010 – an increase of 15.9 percent over 2009. The average supplier that reported COSTARS sales on state contracts registered an average COSTARS spend of \$659,903.

As of December 31, 2010, 832 suppliers held COSTARS-exclusive contracts - an increase of 16.2 percent from a year earlier - and 1,910 suppliers had state contracts with COSTARS participation. There were 7,081 COSTARS members, nine percent more than in 2009. At press time, membership had grown to 7,349.

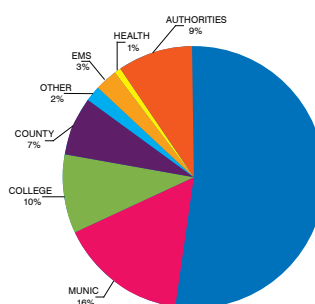
Schools, including public and non-profit private schools, represented 40 percent of total COSTARS spend in 2010, while municipal governments-townships, boroughs, and cities - accounted for 28.7 percent. 94.5 percent of the school spending utilized COSTARS-exclusive contracts, while 59.5 percent of the municipal government spend was “piggy-backed” through state agency contracts. Schools were the largest spenders on the COSTARS IT Hardware, Office Supplies, Janitorial Supplies and Software contracts. Municipal governments were the leading buyers on the Recycling Containers contract, representing 64.1 percent of the total spend on that contract. Colleges were the main users of the Laboratory Supplies contract, while, county governments dominated the spend on the Food, Toiletries and Medical Supplies contracts.

More than \$97 million were saved by members by using the COSTARS program in 2010. Savings representing 25.2 percent, or \$26.4 million, were recognized by public entities by not going through the formal bidding process, since the state had already done that for members. Additionally, the reduced pricing that the competitive nature of the program generates, represented more than \$70 million in savings. One-third of the total savings comes through the “piggy-back” use of statewide agency contracts, while two-thirds result from the use of COSTARS-exclusive contracts.

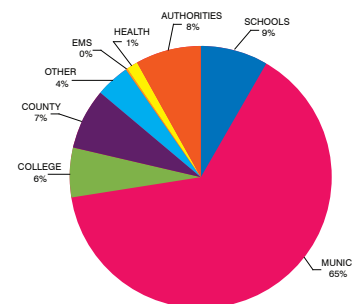
Commodities offering the largest average discounts through the COSTARS program included tires, furniture and medical supplies.

86 percent of all COSTARS transactions were under \$10,000, which reflects the confidence that COSTARS members have in the program and its suppliers, according to Beardsley.

2010 COSTARS CONTRACT SPEND BY LPPU CATEGORY



2010 STATE CONTRACT SPEND BY LPPU CATEGORY



MESSAGE FROM THE DIRECTOR

Scott Cross, Director Program & Systems

Emphasis on Training

As we enter the last quarter of the calendar year, we are reminded of the impending seasonal change and the changes to which we have been exposed over the past 9 months. We, at the Bureau of Procurement, have experienced a significant change in management as a result of the inauguration of Governor Tom Corbett. These changes are outlined in this newsletter and we hope you share our view of the benefits that will be realized.



With the fall season upon us, it is not too soon for those responsible for snow removal to begin preparations for the winter season. Joel Shiffler and Bruce Beardsley have provided an informative road salt update with references to pricing and supplier identification by county, as well as highlights of the contract obligations of the members. The Department's Sodium Chloride contract has been an annual success for our members resulting in favorable pricing through the combination of the Department of Transportation's and our members' salt demand; the aggressive management of the solicitation process; and subsequent award by Joel and Jean Halblieb. I also wish to thank Dawn Eshenour and Bruce Beardsley for their continued assistance to members, from the very first announcement of the application period, through the conclusion of the winter season. Once again these individuals will display the same commitment to providing you timely customer service in the upcoming year.

We have, from time to time, placed reminders in our newsletters for our members to maintain a current profile in our COSTARS member database. (See page 6). I want to stress the importance of this maintenance. This profile contains important contact information we use to communicate with you on items, such as the sodium chloride application and contract, regional training opportunities, audit inquiries, confirmation of membership and periodic contract surveys among others. When your municipality or organization is affected by changes, please take one or two minutes to access and update your member profile.

Finally, it is gratifying to see that our members continue to meet a significant amount of their purchasing needs through the use of COSTARS contracts and recognize the associated savings. I am glad to see not only the purchasing membership continue to grow, but the supplier base participating on our exclusive COSTARS contracts and the statewide agency contracts for which cooperative purchasing is available, as well. We know there are additional contracts our members have requested which we have not been able to address, however, through recent reorganization efforts, we intend to address those requests and provide additional opportunities for suppliers. I know the COSTARS staff is excited to begin planning for these new contracts.

COSTARS ON THE ROAD

Spreading the message of COSTARS and recruiting and training members and suppliers is part of the mission of the COSTARS Marketing team. Marketing Managers Bruce Beardsley and Richard Zuber travel throughout the state speaking at conferences, workshops, and seminars sponsored by associations, suppliers, universities, legislators, chambers of commerce and others. Recent sponsors of events attended by COSTARS staff included:

Siemens
Link Computer Corporation
Exeter Supply Co.
Allegheny County Asso. of Township Supervisors
Feesers, Inc.
U.S. Foodservice
Central PA American Public Works Association
PA Municipal Authorities Association
PA Council of Governments Association
Northeast PA Manufacturers & Employers Asso.
PA Emergency Health Services Council
Representative Eddie Pashinski
Wilkes-Barre Chamber of Commerce
Representative Neal Goodman
Luzerne County Asso. of Township Officials
Manheim Township
PA State Mayors Association
Kutztown University
PA Association of Township Supervisors
PA Boroughs Association
Johnstown Small Business Expo
Erie County Secretaries Asso.

If you would like to arrange for a representative to speak about COSTARS or conduct a training session for members or suppliers, please contact Bruce Beardsley at **717-214-3432** or **bbeardsley@pa.gov**.



L-R Rep. Neal Goodman, MAEA President Darlene J. Robbins, COSTARS Presenter Bruce Beardsley



Marketing Manager Bruce Beardsley addressing the State Mayors' Association

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Bruce Beardsley, Marketing Manager, 717-214-3432, bbeardsley@pa.gov

Richard Zuber, Marketing Manager, 717-346-3838, rzuber@pa.gov

Tera Akpan, Administrative Support, 717-346-2673, takpan@pa.gov

COSTARS CONTRACTS AND ASSIGNMENTS (10/11/11)

Contract #	Contract Description	Commodity Specialist	Phone	E-mail
COSTARS-1	Copiers	Roxann MacAvoy	346-2680	rmacavoy@pa.gov
COSTARS-2	Office Furniture	Emanuel Williams	703-2946	emwilliams@pa.gov
COSTARS-3	IT Hardware	Roxann MacAvoy	346-2680	rmacavoy@pa.gov
COSTARS-4	Office Supplies	Emanuel Williams	703-2946	emwilliams@pa.gov
COSTARS-5	Janitorial Supplies	Emanuel Williams	703-2946	emwilliams@pa.gov
COSTARS-6	Software	Roxann MacAvoy	346-2680	rmacavoy@pa.gov
COSTARS-7	Foods	Kathy Lewis	346-4056	kalewis@pa.gov
COSTARS-8	Maintenance, Repair & Operation (MRO) Equipment & Supplies	Georgina Baltimore	783-5368	gbaltimore@pa.gov
COSTARS-9	Graphic & Printing Services	Emanuel Williams	703-2946	emwilliams@pa.gov
COSTARS-10	Voting Systems	Emanuel Williams	703-2946	emwilliams@pa.gov
COSTARS-11	Toiletries	Kathy Lewis	346-4056	kalewis@pa.gov
COSTARS-12	Emergency Responder Loose Supplies	Kathy Lewis	346-4056	kalewis@pa.gov
COSTARS-13	Emergency Responder Vehicles	Stacey Logan-Kent	787-2355	slogankent@pa.gov
COSTARS-14	Recreational & Fitness Equipment	Kathy Lewis	346-4056	kalewis@pa.gov
COSTARS-16	Water & Waste-Water Treatment Plants – Components/Equipment	Kathy Lewis	346-4056	kalewis@pa.gov
COSTARS-17	Waste, Recycling & Material Handling Containers	Emanuel Williams	703-2946	emwilliams@pa.gov
COSTARS-18	LED Traffic Signal Modules and/or Housings	Georgina Baltimore	783-5368	gbaltimore@pa.gov
COSTARS-19	Medical Supplies	Kathy Lewis	346-4056	kalewis@pa.gov
COSTARS-20	Laboratory Supplies	Kathy Lewis	346-4056	kalewis@pa.gov
COSTARS-22	Weatherization Materials	Georgina Baltimore	783-5368	gbaltimore@pa.gov
COSTARS-24	Traffic Signs	Georgina Baltimore	783-5368	gbaltimore@pa.gov
COSTARS-25	Municipal Work Vehicles	Stacey Logan-Kent	787-2355	slogankent@pa.gov
COSTARS-26	Passenger Vehicles	Stacey Logan-Kent	787-2355	slogankent@pa.gov
COSTARS-27	Stop-Loss & Voluntary Benefits Insurance	Emanuel Williams	703-2946	emwilliams@pa.gov
COSTARS-28	Energy Conservation Management Supplies	Georgina Baltimore	783-5368	gbaltimore@pa.gov

NEW TEAM IN CHARGE

Positive Changes for COSTARS

The inauguration of Governor Tom Corbett in January brought new management to the Department of General Services (DGS) and its Bureau of Procurement (BOP).

Governor Corbett appointed Sheri Phillips as the DGS Secretary and Ken Rapp as the Deputy Secretary for Procurement. They recruited Mike Richart, a former BOP manager, to be the Chief Procurement Officer (CPO).



Tom DiMartile

Ken Rapp

Mike Richart

After several months of internal and external review, Mike announced the details of a bureau reorganization that contained a component which affects the COSTARS program. In recommending these changes, Programs and Systems Director Scott Cross, who oversees COSTARS, cited the cost-effectiveness of the program, as well as the professionalism, constituent service commitment and proactive mind-set of the staff.

The resulting reorganization provides the COSTARS program with additional marketing and support resources which should result in greater opportunities for training, recruitment, statistical analysis, and constituent services. In addition, five experienced commodity specialists have been reassigned to the program to exclusively manage COSTARS contracts (See page 3 for an updated pull-out chart of COSTARS Contracts and Assignments). With these additional resources, the program will allocate some of its efforts to assist members by addressing new COSTARS contracts, including Groundskeeping and Turf Maintenance, Signage, Telecommunications, Street Lighting, Auditorium Furniture and Equipment and more.

"These new contracts demonstrate the COSTARS program's continuing commitment to responding to our members' needs," according to Program Manager Dawn Eshenour.

NO CONSTRUCTION ALLOWED

While it has always been the case that COSTARS contracts do not permit construction activities by its governmental entity members, the program recently issued an Advisory to remind suppliers of their obligations under the contract.

The Advisory, sent to suppliers and posted on the COSTARS website, notes that "some COSTARS contractors may be offering construction services related to installation of product or component parts purchased under a COSTARS-exclusive contract...Because the provisions of the [COSTARS contracts] do not permit construction activities, please cease and desist from offering construction services...If DGS receives any additional notice after this Advisory, DGS may consider taking action which may include contract termination..."

On a related issue, due to procedural changes, the state's Job Order Contract, also known as the Indefinite Quantity Construction contract expires on December 31, 2011 and will not be renewed.

THE NEW COSTARS TEAM



L-R: Georgina Baltimore, Richard Zuber, Kathy Lewis, Bruce Beardsley, Dawn Eshenour, Stacey Logan-Kent, Tera Akpan, Emanuel Williams, Roxann MacAvoy

ALERT! ALERT! ALERT!

ALL COSTARS-authorized or –participating suppliers have been awarded contracts and have contract numbers that look like either 025-652 or 4400002356. Six-digit vendor numbers, such as 125698, are simply identification numbers and DO NOT indicate that a supplier is part of the COSTARS program. COSTARS members should always confirm that a supplier is eligible by checking the COSTARS website.

VEHICLES OF THE FUTURE NOW INCLUDED

In response to a request from the Pennsylvania Municipal Authorities Association (PMAA), as well as several suppliers, COSTARS has issued addendums to its three vehicle contracts (COSTARS-13, 25, and 26), effective August 4, 2011, to include alternative fuel vehicle conversions. While hybrid vehicles were previously included in the scope of these contracts, this addendum broadens the scope to include all-electric or hydrogen-powered vehicles, as well as other vehicles that may be developed in the future that are fueled by something other than gasoline. However, according to the new language, "Conversions must be EPA and/or CARB certified. Suppliers shall provide a certificate of conformity upon request of DGS or COSTARS customer. In addition, conversion must be compliant with the vehicle OEM and not void the OEM warranty."



STAY CURRENT Update Your Profile PLEASE...

Periodically, COSTARS staff must communicate with our members regarding important news, updates, notices, etc. It is critical that we have accurate contact information for each of our more than 7,300 members, including a contact person's name, address, phone and email. Members can confirm that their information is up-to-date and/or update their profile through the COSTARS webpage.

Connect to COSTARS using this link, www.dgs.state.pa.us/costars > MEMBERS > Update Profile. When cued, log in with your COSTARS Member ID and password and make the changes you need and submit.

SUPPLIES & SURPLUS

Another great procurement resource for COSTARS members is the commonwealth's Bureau of Supplies & Surplus Operations, under the leadership of newly-appointed Director Mary Beth Stringent. A huge variety of federal and state surplus equipment, vehicles, furniture, and supplies are available for sale at tremendous savings through the bureau. The bureau also administers the federal Law Enforcement Property Programs, restricted to law enforcement agencies. The bureau operates three warehouses in the Harrisburg area, which provides a full array of storage and distribution services.

For additional information, visit the bureau's website at: http://www.portal.state.pa.us/portal/server.pt/community/supplies_and_surplus_operations/1303.

COSTARS-2 OFFICE FURNITURE

Periodically, as space permits, we print the names of our COSTARS-authorized suppliers. This issue, we highlight COSTARS-2, as of September 27, 2011.

Adelphia Steel Equipment	Affordable Office Furniture
Allsteel	American Seating
ATD-American	B Nevins
C. M. Eichenlaub	Concept Seating
Corbett	9 to 5 Seating
Dauphin North America	Datum Filing Systems
Dream Seats	Educational Furniture Solutions
Colecraft Commercial Furnishings	XYBIX Systems
Ergogenesis	Fleetwood Group
Metalworks	Groupe Lacasse
Herman Miller	Highmark Smart, Reliable Seating
HLF Furniture	Humanscale
Hunsberger Office Supply	J.P. Jay Associates
JAL Associates	Jasper Chair
Jasper Library Furniture	Jasper Seating
Stotz & Fatzinger Office Supply	Keilhauer
National Office Furniture	KRUG
Kurtz Bros.	Kwalu
Lakeshore Learning Materials	Maxon Furniture
Kimball Office	Neutral Posture
Nickerson New Jersey	Nova Solutions
Office Furniture Outlet	OFM
Corporate Environments	Forms Plus
PEM Co	Palmer Snyder Furniture
Pennsylvania Office Service Group	Perpetual Enterprises
Peter Pepper Products	The Phillips Group
Furniture Lab	Reynolds Business Systems
School Specialty	Sedia Systems
Sico America	Source International
Special T-Tables	Steelcase
STYLEX	Supply Source
Tanner of Pennsylvania	Teknion
Tesco Industries	Contrax Furnishings Group
Gunlocke	HON
Theatre Solutions	Toledo Furniture
TransAmerican Office Furniture	Trendway
Versie Total Office Solutions	Versteel/Ditto Sales
VIA Seating	Watson Furniture Group
Wenger	Wright Line