



CONTRACT NEWS & HIGHLIGHTS

In addition to utilizing COSTARS contracts, COSTARS members can “piggy-back” off of more than 200 COSTARS-eligible Pennsylvania state agency contracts for commodities ranging from tires and power equipment to mailroom equipment and supplies. In fact, COSTARS members purchased almost \$100 million worth of commodities from state contracts in each of the last two years. This “piggy-back” process of combining COSTARS member unit purchases with the Commonwealth’s volume has tremendous cost-benefits for everyone, according to Department of General Services’ (DGS) Chief Procurement Officer Jeff Mandel.

“The COSTARS member gets immediate commodity and process savings, the supplier realizes the savings and efficiencies of greater volume, and the state gets lower prices due to the higher volume,” Mandel said. “It’s a win/win/win!”

All state contracts can be accessed at www.dgs.state.pa.us/costars > Members > View State Contracts > emarketplace.

Early Action On Roadsalt Contract Achieves Lower Prices For Members

Early action by the Pennsylvania Department of General Services’ (DGS) Bureau of Procurement has solidified the price of sodium chloride (Roadsalt) for the 2009-2010 winter season.

By aggressively testing the market three months earlier than previous years, DGS has achieved an average price



that is even lower than last year, and lower than neighboring states. The commonwealth’s average price for the coming winter will be \$56.99 per ton,

compared to \$57.01 per ton in 2008-2009. That compares to \$58.97 per ton that Ohio will be paying and \$68.66 per ton that West Virginia has contracted for in 2009-2010. Overall, 45 of the 67 Pennsylvania counties will see their actual prices decrease, five counties will have their prices remain unchanged, while 17 will see a small increase.

Joel Shiffler, DGS Commodity Manager for Raw Materials, included an option in the 2008-2009 Roadsalt contract that allows DGS to negotiate prices for 2009-2010,

rather than go through the usual expensive and time-consuming public bid process. The state’s salt bidding process usually starts in July, but in early April, Shiffler decided that conditions were right to utilize the negotiation option. That decision not only kept prices low, but also saved administrative costs.

The DGS Roadsalt contract secures more than one million tons of salt for Pennsylvania’s Department of Transportation (PENNDOT), as well as the salt requirements for local public procurement units (LPPU’s) that wish to participate through the state’s COSTARS cooperative purchasing program.

This year, COSTARS Marketing Manager Tim Fulkerson recruited PENNDOT’s Municipal Services field staff as well as the townships, cities, and boroughs’ respective associations to assist in the effort to get local governments to participate in the state salt contract. The result was a 36 percent increase in participation from 1,060 to 1,440 members signing onto the contract. This also increased the required tonnage among LPPU’s from 586,000 tons to more than 756,000 tons, an increase of 29 percent. Fulkerson believes that this increased participation helped keep the costs stable.

“In this time of severe budget constraints, Governor Rendell has instructed all of us to creatively reduce costs,” said DGS Secretary James P. Creedon. “By acting early, our procurement staff not only avoided higher prices and reduced administrative costs, we also helped 1,440 COSTARS members save money and improve their budget planning process. At the same time, those 1,440 participating municipalities provided added leverage to the buying power of the state. It’s an extremely effective symbiotic relationship that results in significant savings for taxpayers.”

The 2009-2010 Roadsalt contract is available on the Members’ Page of the COSTARS website.

Construction Contract Now Available

The DGS Bureau of Public Works has written and competitively bid a new state contract called the **Indefinite Quantity Construction Contract** (also known as Job Order Contract) that is available to COSTARS members as a way to assist them in obtaining and quickly completing high quality construction and renovation work.

MESSAGE FROM THE DIRECTOR

Scott Cross, Director Program & Systems

In this issue of the COSTARS Connection we have focused on providing you with information on seven contracts that are available for our very broad range of COSTARS member needs. While the majority of these contracts were awarded based upon the needs of commonwealth agencies, they are also available to our COSTARS members as well.



These contracts are just a representative sample of the Department of General Services' efforts to provide COSTARS members with the same benefits that are recognized by our state agencies. Frequently, the agencies and the members can realize savings by leveraging our combined purchasing power. To that end, the Bureau of Procurement has made a number of improvements to the way we administer contracts by using a team approach, enabling individuals within our teams to apply their subject matter expertise to continue to increase overall savings and efficiencies without sacrificing the many benefits of choice and value that the COSTARS staff has delivered in the past.

We will continue to seek our members input, while looking for opportunities for new suppliers to participate in the COSTARS program. The staff's efforts to that regard are highlighted in an article on this page addressing the results of a survey of our members. Additionally, our efforts to improve existing contracts continue. With feedback from our members and suppliers we charted a course to improve the COSTARS-13 Emergency Responder Vehicle contract. The contract will be divided into three separate contracts that should result in more clarity for our members while permitting our suppliers the advantage of targeting their specific vehicle category.

Bureau staff also worked hard to produce a contract designed for local governments in response to the national stimulus initiative. The Weatherization Materials contract defines specific parameters for its use and provides an excellent procurement vehicle for projects funded by the American Recovery and Reinvestment Act of 2009.

I have highlighted just a few of the initiatives that we have taken in our efforts to continue to improve the program and the services that we provide to our members. As always, we welcome your comments.

SURVEY RESULTS

Earlier this spring, COSTARS surveyed our members to determine what new contracts were most needed by the membership base. The survey was distributed via email, handed out during the Pennsylvania State Association of Township Supervisors (PSATS) conference, and distributed through the PSATS communications system.

533 responses were received. 72.2 percent came from local governments, 19.5 percent from school districts, and 8.3 percent from other member entities.

The top three contract needs, according to the survey results, were Signage, Utility Vehicles, and Utility Buildings.

A Signage contract would be utilized by 54.7 percent of respondents, according to the survey. The Federal Highway Authority has adopted new traffic sign reflectivity standards that all municipalities must meet over the next decade. COSTARS staff is in the initial research stage, prior to writing a new Signage contract.

A Utility Vehicles contract that might include garbage trucks, recycling trucks, vacuum trucks, including street sweepers, and bucket trucks are "highly likely" to be used by 46.4 percent of survey respondents. A Utility Vehicles contract is currently being developed with the goal of implementation by the end of the year.

31.7 percent of respondents indicated a strong need for a Utility Buildings contract. That need is addressed by the new Job Order Contract, as described on page one of this newsletter.

Other possible contracts indicated insufficient interest to pursue at this time.

COSTARS staff thanks PSATS for their assistance and everyone who completed the survey.

CURRENT COSTARS EXCLUSIVE CONTRACTS

- COSTARS - 1 Copiers
- COSTARS - 2 Office Furniture
- COSTARS - 3 IT Hardware
- COSTARS - 4 Office Supplies
- COSTARS - 5 Janitorial Supplies
- COSTARS - 6 Software
- COSTARS - 7 Foods

- COSTARS - 8 Maintenance, Repair, Operation
- COSTARS - 9 Graphic & Printing Services
- COSTARS - 10 Voting Systems
- COSTARS - 11 Toiletries
- COSTARS - 12 Emerg. Responder Loose Supplies
- COSTARS - 13 Emerg. Responder Vehicles
- COSTARS - 14 Recreational & Fitness Equip.

- COSTARS - 15 Waste Water Treatment-Consumables
- COSTARS - 16 Waste Water Treatment-Equipment
- COSTARS - 17 Waste, Recycling Containers
- COSTARS - 18 LED Signals
- COSTARS - 19 Medical Supplies
- COSTARS - 20 Laboratory Supplies
- COSTARS - 21 Pest Control (Pending)
- COSTARS - 22 Weatherization Materials

CONFESSIONS OF A FORMER MAYOR



By Tim Fulkerson,
COSTARS Director of Marketing
& Constituent Service

My past experience with purchasing is quite unique. Before becoming a state employee, I served as the Mayor of the City of New Castle, a third class city from 1996 to 2003. I also owned a construction company and a real estate company. Throughout those years, I negotiated the purchase of millions of dollars worth of goods for my company and for the City of New Castle. Of course, in private business, you do not have to follow state procurement laws to purchase materials and services. You can essentially do what you want, when you want.

When I became Mayor, I wanted to bring a business attitude to our local government. To my surprise, and for some valid reasons, public sector practices cannot mirror all of the practices available to the private sector. I had to learn how government procures: bidding thresholds, public advertising, best value, etc. As a businessman, I purchased quickly at the best price we could obtain, while negotiating payment terms, delivery, etc. When a local government solicits a bid, a lot of time and money is spent on creating all the documents needed for the suppliers to submit bids. You must take the lowest responsible bid and if that price is too high or if you lack confidence in the bidder, you must start all over again or purchase the goods and hope for the best.

In 2004, the state legislature and Governor Rendell authorized the Department of General Services (DGS) to create exclusive contracts for use by Local Public Procurement Units and state-affiliated entities. DGS renamed its cooperative purchasing program "COSTARS". This authorization instantly put local governments and other members in the driver's seat. COSTARS allows its members to make the best deal for their community, using their own purchasing criteria to determine when, how, with whom to purchase, and at the right price, while complying with the terms and conditions of the COSTARS or state agency contract.

During my travels across the state training COSTARS members on how to use the program and how to negotiate and work to achieve best value from suppliers, I see how communities are saving money and time. Using the COSTARS program most effectively does require some research to understand both COSTARS contracts and state agency contracts. That's why we recommend attending a COSTARS training session to maximize the time and money you can save your community. We offer these sessions throughout the commonwealth and groups of members interested in this training should contact us at 1-866-768-7827.

I wish COSTARS was around when I was Mayor.

ATTENTION STATE CONTRACT SUPPLIERS

New COSTARS Sales Reporting Requirements

Effective October 1, 2009, state contract suppliers that accept COSTARS participation will be required to report their sales to COSTARS members via a new electronic sales reporting mechanism located on the COSTARS website. This reporting system is virtually identical to that already required of COSTARS Contract suppliers. Sales reporting will be required quarterly and suppliers are requested to supply sales data beginning with the January 1 to March 31, 2009 calendar quarter. This electronic sales reporting system is now LIVE and state contract suppliers are urged to begin submitting their sales immediately, as opposed to waiting for the mandatory October date. Information required will be the supplier's vendor number, contract number, date of sale, the customer name, and the amount of the sale. It is also recommended that the supplier record the COSTARS Member ID number. Zero sales for a particular quarter must also be reported.

A Sales Reporting How-To Manual is available in the Resource Center on the COSTARS website.

SALES REPORTING FOR STATE CONTRACT SUPPLIERS

- A. Go to www.dgs.state.pa.us/costars. Click on the Suppliers button.
- B. Click on the Suppliers' Gateway on the right. Click on the State Contract link.
- C. Enter your Vendor Number to gain access to the system. When your Vendor Number is found, you will be taken to the **Sales Reporting Authorization** screen.
- D. Enter your name.
- E. You will be taken to the **Sales Reporting** Screen. Select from the Contract Number dropdown the Contract Number you want to report sales for and then click the **Continue** button located next to it.
- F. **To enter a new Sales Amount or to report "No Sales this Quarter"**, 'click' on the **Insert** flag button at the top.
- G. Enter the Customer Name or part of the Customer Name into the Customer Search field. If you are reporting "NO SALES THIS QUARTER", type NO SALES into the search field. Click the **Search** button.
- H. Select the Customer Name from the dropdown list, or select NO SALES THIS QUARTER. To proceed, you will need to 'click' on the **Continue** button to the right of the list. The system will locate the Customer Name in the Members database and will pre-fill the Address and County for you automatically.
- I. You will then be able to enter a Sales Date and Sales Amount.
- J. 'Click' on the **Save** button to save the data. The data will appear on the bottom of the screen, confirming that the sale was recorded.

UPDATE YOUR PROFILE.....PLEASE

Please take a few moments (It will take less than five) to review and update your Member Profile. Ensure that your address and contact information is still accurate and complete. If the profile is missing a phone number or email, please include one if at all possible.

We rely on the accuracy and completeness of this information to communicate with you effectively.

To update your profile:

- A. Go to the COSTARS website at www.dgs.state.pa.us/costars.
- B. Click on Members.
- C. On the left menu, click on Update Profile.
- D. Log in with your four digit member number and password.
- E. Review the information and edit inaccurate or incomplete information.

AGGREGATES

Most municipalities still advertise for public bids for their aggregates. By piggy-backing off the state's Aggregate contract, those municipalities can spend that advertising money on more stone instead! Unlike other state contracts, the Aggregate contract leads the user to set up a mini-bid among PENNDot approved suppliers within the buyer's county. Here's the step-by-step directions:

- A. Go to the COSTARS website at www.dgs.state.pa.us/costars
- B. Click on "Members"
- C. Select the "View Statewide Contracts" link on the left menu, bringing to the screen e-marketplace
- D. Click on the "Search by" dropdown arrow, selecting "Description"
- E. Type "aggregates" in the search box and click "Search"
- F. All approved suppliers will be listed. Click on ANY "Overview" icon
- G. "The View Awarded Supplies and Materials search function has moved to a new address and can be accessed HERE" will appear on the screen. Click on "HERE"
- H. The "Material Selection" page will appear. Click on "View Commodity Codes and Descriptions"
- I. Choose the material description needed and click "View" next to that Commodity Code.
- J. The Commodity Code selected will auto populate the text box. Select your county from the drop-down list. Click "Submit"
- K. All qualified suppliers for that material for that county will appear in alphabetical order. Click "view" for each supplier to reveal their contact information
- L. Send a Request for Quote to all qualified vendors, indicating the commodity, the quantity needed, the due date of the quote (whatever you want it to be), your contact info, and delivery location
- M. The low-bid supplier must be awarded the purchase or all bids must be rejected.

A "How To Guide" for this contract can be accessed from the COSTARS Member page.

FUTURE OF COSTARS-13



pennsylvania
DEPARTMENT OF GENERAL SERVICES

June 22, 2009

Dear COSTARS-13 Supplier:

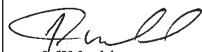
Thank you for your continuing participation as a COSTARS-authorized supplier. Thanks to you, the COSTARS program enjoyed another record-setting year in 2008, producing more than \$80 million in savings to our members.

As you may have heard, we have been reviewing options related to our Emergency Responder Vehicle contract. On the one hand, we wanted to respond to the requests from members and suppliers to include additional vehicles like garbage trucks, street sweepers, etc. On the other hand, the contract had already expanded beyond its original intended scope and was becoming cumbersome to administer and difficult for members to peruse.

After listening to the concerns of our suppliers and members, we have decided to offer three separate COSTARS contracts: Emergency Responder Vehicles, Municipal Work Trucks, and Passenger and Light-Duty Trucks. These contracts will become effective concurrent with or prior to the expiration of the current Emergency Responder Vehicle contract on December 31, 2009. Please visit the "Bidding Opportunities" section of the COSTARS website on a regular basis to stay informed of upcoming Requests for Bids.

We very much appreciate your participation in the program and, particularly, your feedback to our staff on this issue.

Sincerely,


Jeff Mandel
Chief Procurement Officer
Bureau of Procurement



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Further information on the COSTARS Program is available by phone (866) 768-7827 or on the web at <http://www.dgs.state.pa.us/costars>

STATE CONTRACTS, *continued from page 1*

The contract, which has been awarded to The Gordian Group (administering the EZIQC system) offers local general construction, electrical, plumbing and HVAC contractors available to start work immediately. These are prevailing wage rate contracts. They meet all Pennsylvania competitive bidding requirements and comply with the Separations Act and the Steel Act. Contractors are bonded and insured.



These are not time and material contracts. The successful contractors have competitively bid a mark-up to be applied to a Construction Task Catalog® containing fixed unit prices for

common construction tasks from VCT flooring to roofing.

This contract works differently than any other state contract. It is intended for small and mid-size construction projects. For example, a \$3 million high school addition is outside the scope of this contract. However, if you need a classroom renovated, a new roof, a salt shack, a park restroom, landscaping, new exterior lighting, ADA bathroom upgrades, or some other type of standard construction completed, this contract could work for you. If you have a project:

- 1. Go to www.EZIQC.com**
- 2. Enter your name, contact information and project description**
- 3. An EZIQC™ representative will contact you and walk you through the process.**

The EZIQC™ representative will schedule a meeting at the project site with you and one of the local, competitively bid contractors to discuss the proposed work. This is called a “joint scope meeting.” The parties discuss the details of the project, the schedule, required permits, inspections, and all other aspects of the work.

Following the meeting, the EZIQC™ representative will help you prepare a “detailed scope of work.” This is the document, or set of documents, that outlines the work the contractor will perform. The detailed scope of work can be a simple set of drawings, a specification, a narrative, a marked-up as-built drawing, or some other document. It does not have to be a full set of plans and specifications. The detailed scope of work will be sent to the contractor along with a Request for Proposal (RFP).

The contractor will prepare a proposal to perform the detailed scope of work. To arrive at the competitively bid price, the contractor will use the Construction Task Catalog®. The Construction Task Catalog® is a comprehensive catalog of construction tasks with unit prices developed for the local area. The contractor selects the appropriate tasks from the Construction Task Catalog®, multiplies the unit price by the required quantities, and multiplies that result by the competitively bid adjustment factor. The contractor will also prepare a construction schedule and a list of proposed subcontractors.

If you are 100 percent satisfied with the price and schedule and decide to hire the contractor to perform the work, the contractor will submit, on your standard forms, payment and performance bonds and certificates of insurance. If the bonds and insurance are acceptable, you can issue a purchase order for the contractor to complete the detailed scope of work within the approved construction schedule. Submittals and inspections follow your standard process. Certified payroll records will be submitted with the applications for payment. Construction management is performed by you or your representative. You can also order construction management and inspection services through EZIQC™. If you are not satisfied with the proposal, you can reject it and walk away at no charge.

This contract has multiple benefits to COSTARS members:

(1) Since the contractors have already competitively bid the contract, you can get the contractor working quickly. You save time and money because you do not have to go through the traditional bidding process;

(2) You receive the benefit of regional volume pricing. The contractors are providing a volume discount because the contract allows them to perform a series of projects for various COSTARS members and the state under one competitively bid contract. More work for the contractor means lower prices for you;

(3) The contractor is involved in the scoping process and has the opportunity to inspect the site and ask questions about the work before submitting a proposal. This open communication eliminates the confusion,



misunderstanding, and mistakes that lead to most change orders. The member, as the owner, still has the right to change the scope of work at any time during the project. Extra work and changes are pre-priced from the Construction Task Catalog®, eliminating the need to negotiate change orders;

(4) The contractors are motivated to provide a high quality project because the opportunity for future work is tied to their current performance. There is no guarantee that the contractor will receive additional projects. They must satisfy all owners on all projects or they will be excluded from the program.

This parent contract is available for review at at e-marketplace, contract #4800013166, “Job Order Contracting.” Jennifer Habowski, 717-703-2937, is the DGS Commodity Specialist. To view local contractor’s contracts, go to www.contracts.patreaury.org/search.aspx and type JOC.

New Pharmaceuticals Contract Achieves Greater Savings

The Commonwealth of Pennsylvania is pleased to announce that the Department of General Services Pharmaceutical Contract (4400004561) went into effect June 1, 2009 and has been awarded to McKesson Drug Company.

For many years the commonwealth has piggybacked from the Minnesota Multi-State Contracting Alliance for Pharmacy (MMCAP).



This year, however, the commonwealth elected to bid its own pharmaceutical contract in an attempt to obtain greater benefits and savings. The new benefits include next day delivery, tiered pricing, easy access to website, and a sound ordering process to name a

few. While the state spends about \$23 million annually on pharmaceuticals, this contract should reduce that amount by more than \$2 million.

COSTARS members may participate with the commonwealth to purchase all of their pharmaceutical needs. For example, a county prison may purchase its Hepatitis B shots. Or a county nursing home may elect to purchase all of its drugs for its patients at an attractive price. Also, a Fire Department may purchase its Flu Vaccines, or a university may purchase the pharmaceuticals for its clinics.

Contact Commodity Specialist Cheryl Bair (chbair@state.pa.us, 717.703.2934) at DGS for more information. She can handle all questions and help direct members to McKesson's website, where all orders are placed.

Ammunition Contract Open To COSTARS Members

Pennsylvania's statewide contract for ammunition (4400004196) has been awarded to a single supplier, Jerry's Sports Center, Forest City, Pa. Accordingly, the Department



of General Services will expand the scope of the COSTARS-12 Emergency Responders Loose Supplies contract to include ammunition. This change will become effective January 1, 2010, as the current contract expires. Invitations For Bids are expected to be released in October.

The commonwealth contract is a specific line-item contract geared towards the highest volume items purchased by state agencies. This contract is open for COSTARS' members' participation.

UPS To Handle Small Package Delivery Contract

The commonwealth's new Small Package (up to 150 lbs.) Delivery Contract (4400004940) has been awarded to United Parcel Service (UPS), effective July 1, 2009.

The new contract allows for both ground and air fuel surcharges. These charges are calculated using the National U.S. Average on Highway Diesel Fuel Prices reported by the U.S. Department of Energy and are contractually capped at 7 percent. The current ground fuel charge as of May 4, 2009 is 2.25 percent. The surcharge is billed on a per package basis and will work as follows:

Ground shipping cost	\$3.40
Fuel surcharge (2.25%)	.08
Total Cost	\$3.48

NEW COSTARS CONTRACT COSTARS-22 Weatherization Materials

Invitations For Bids were released on May 22 for the newest COSTARS contract – COSTARS-22 Weatherization Materials. This contract, designed for county governments and their affiliates in response to the national stimulus legislation, is unique in that it shall only be used for projects funded by the American Recovery and Reinvestment Act of 2009 (ARRA). Weatherization materials as defined in the contract include insulating materials, storm windows and doors, replacement windows and exterior doors, plumbing supplies, caulks and sealants, weather-stripping, refrigerators, furnaces, and air maintenance equipment. All items must comply with the U.S. Department of Energy-Weatherization Assistance Program for low income persons. Also uniquely among COSTARS contracts, this contract does NOT include ancillary services. Many of the materials included in this contract remain available under the COSTARS-8 Maintenance, Repair, & Operation contract for projects not funded by ARRA.

Bids from prospective suppliers will be accepted on a continuous basis and bid documents can be downloaded at: www.dgs.state.pa.us/costars > Bidding Opportunities. Questions can be addressed to DGS Commodity Specialist Jeff Henry at jeffhenry@state.pa.us.