

COSTARS SPEND NEARS \$300 MILLION

2007 was a year of phenomenal growth for Pennsylvania's cooperative purchasing program – COSTARS. Membership grew by 25% to more than 5,000 members. Spend through the program by COSTARS members grew by almost 85% to nearly \$300 million compared to \$160 million in 2006. The twenty COSTARS contracts attracted more than \$200 million, doubling last year's totals. COSTARS use of state agency contracts increased 57%.

"These dramatic increases demonstrate that our 5,000 members are using the program to make their procurement processes more efficient and effective," according to Tim Fulkerson, COSTARS Director of Marketing and Constituent Service.

"We estimate that local governments saved their taxpayers over \$14 million in processing costs alone by utilizing the state's public bidding process instead of having to go to bid themselves for every purchase," Fulkerson said.

The largest COSTARS contract was the Information Technology Hardware contract, which accounted for more than \$98 million, an increase of over 118% compared to

2006. COSTARS-1 Copiers and COSTARS-13 Emergency Service Vehicles each accounted for over \$20 million in spend. COSTARS-17 – Waste, Recycling & Material Handling Containers experienced the largest growth with an increase of 956%, recording sales of \$2.15 million.

Two new contracts were added during the year: Medical Supplies and Laboratory Supplies. Together they accounted for \$559,614 in spending.

Among state agency contracts, the 2007-2008 Sodium Chloride (Roadsalt) contract had more than 900 participating COSTARS members, representing \$23,432,655 in sales, an increase of 61.9% over 2006-2007. Other state contracts that are heavily used by COSTARS members include Wheel-Chair Vans (\$10,960,167), Agriculture/ Groundskeeping Power Equipment (\$9,282,460), Heavy-Duty Power Equipment (\$6,271,002), and Tires (\$4,954,210). The state's three vehicle contracts – Police, Passenger, and Commercial – had a combined COSTARS spend of \$13,561,193.

Procurement through the COSTARS program is not just for large purchases, according to Bruce Beardsley, COSTARS Marketing Manager. The average transaction on some COSTARS contracts, such as Janitorial Supplies, Toiletries, and Laboratory Supplies is less than \$2,500.

"The COSTARS program exemplifies what state government should be," according to Pennsylvania's Secretary of the Department of General Services James P. Creedon.

"It provides a valuable service to thousands of local public and non-profit entities, saving them and their local taxpayers millions of dollars. It provides increased opportunities for hundreds of companies of all sizes and locations to compete for millions of dollars of government business. It gives local governments the option of keeping their procurement dollars in their local economy, thereby helping to maintain and generate local jobs and it generates additional volume on state agency contracts, reducing bid prices on subsequent state contracts, thus making our state government more cost-effective."

COSTARS CONTRACT GROWTH

Contract	2006	2007
Copiers	\$13,164,300	\$26,272,311
Office Furniture	7,513,903	15,182,909
IT Hardware	44,932,857	98,043,919
Office Supplies	432,709	1,287,065
Janitorial Supplies	187,494	833,229
Software	782,541	2,697,339
Maintenance, Repair, Operation	2,079,009	9,140,265
Toiletries	37,904	108,027
Emergency Responder Supplies	339,469	1,074,493
Emergency Responder Vehicles	9,527,896	25,233,655
Recreation & Fitness Equip.	7,724,784	12,975,500
Waste, Recycling Containers	202,927	2,148,794
Graphic & Printing Services	257,323	452,540
Waste Water Treatment Plants	935,436	3,827,188

MESSAGE FROM THE DIRECTOR

Scott Cross, Director Program & Systems

Congratulations to all on a successful 2007 COSTARS program year! Now that we have rounded the corner to the next calendar year, I would like to recap our successes for 2007 and discuss our goals and opportunities for the remainder of 2008.

Five years ago our member enrollment total was approximately 1,200. I am pleased to report that just in the past 12 months we have grown by an additional 925 members and we have now surpassed a grand total of 5,000 members! Program expenditures by these members approached \$300 million last year, purchasing goods and services from the more than 2,000 suppliers available through the shared contracts. No small feat! Never before have suppliers and purchasers from every corner of the Commonwealth had the capability to so easily and so successfully do business together.

I attribute this astounding growth to the successful collaborative partnership that has been forged among the COSTARS staff, the members, the member associations and the suppliers. I hope that you have seen our commitment to listen to our members by designing the types of contracts and contract provisions that they require, coupled with information gleaned through our outreach efforts to the suppliers so that their needs and requirements are being met, as well. Ultimately, it is the citizens and taxpayers of the Commonwealth represented by these counties, municipalities, school districts, law enforcement, fire, and rescue organizations, health organizations and the many other eligible entities, that benefit from the participation of COSTARS members and suppliers. If there were an Academy Award for best “win-win” collaborative effort—this would most certainly put the program in contention for the Oscar!

As always, we continue to work toward improving the program. We responded to members’ desires by creating two new contracting vehicles. Additionally, we incorporated improvements to our website and will continue to seek the means by which we can provide all program users with readily obtainable information. As a result of your feedback, we have been working on a website improvement that will enable our participants to more easily search and identify the contracts and their contents. Additionally, we are nearing the implementation of a web-based supplier sales reporting program that will enhance our sales gathering functionality and benefit both suppliers and members. Another improvement that was recently implemented was the online sodium chloride application for the 2008 winter season. This enabled program participants to not only submit their applications via the web, but also to update their application in a “real time” environment prior to the submittal deadline.

Beginning with the 2009 application year, we will also provide member specific historical ordering data online. These are just a few of the ways that we will be working to make this program more responsive to your needs.

But we could not have done it without all of you. I especially want to thank the many organizations that represent our members and that have helped us educate existing and potential program members, while using their own communication vehicles to convey important program information and solicit valuable input through the various surveys that support our common goals. To that end, COSTARS staff continue to partner with these organizations such as the PA State Association of Township Supervisors, the County Commissioners Association of PA, the PA State Association of Boroughs, the PA Association of School Board Officials, the PA Chiefs of Police Association, the Governor’s Center for Local Government Services and the many additional organizations that represent and assist our members, including the many interested members of the General Assembly. We will continue to attend educational workshops and conferences sponsored by these organizations and individual members, as well as supplier workshops and conferences. Our goal is to educate and be educated so that we can better serve you, our customers.

I recognize the need to remain vigilant and responsive to program participants’ comments and suggestions so that we may continue to succeed in fostering this beneficial collaborative effort. I encourage you to continue to provide valuable feedback to me and the COSTARS staff so that we may be best able to meet your ever evolving needs.

I know that together we can make 2008 a successful year for all who benefit from the COSTARS program. I thank all of you for the roles you have played thus far because we could not have done it without each and every one of you.

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

NEW STATE CONTRACT

VEHICLE LIFTS



Effective mid-March, a new state contract became operational that should be of interest to large LPPU's that maintain their own fleet of vehicles. The contract – Vehicle Lifts and Related Garage Equipment – is actually a national contract under the auspices of the Western States Contracting Alliance (WSCA), of which Pennsylvania is a participant. The three suppliers under the contract – Mohawk Resources, Automotive Resources, and Steril-Koni – are all in neighboring states – New York, Virginia, and Maryland respectively. They each manufacture and sell hydraulic lifts and other related equipment to assist in the vehicle fleet maintenance function.

The scope of the contract is defined as “...**Vehicle Lifts and Related Garage Equipment for automobile, light and heavy duty trucks and transit. General product types included in this Contract are: Two-Post Lifts, Four Post Lifts, Mobile Column Lifts, Parallelogram Lifts, Scissor Lifts, In-Ground Lifts and related garage equipment.**”

At press time, the contract had not been assigned a contract number but is accessible through the state contract search engine by typing “Vehicle Lift” as a description.

COSTARS BRIEFS THE NEWLY ELECTED

In conjunction with the Pennsylvania State Association of Township Supervisors (PSATS), the COSTARS Marketing and Constituent Relations Team has been traversing the Commonwealth giving COSTARS briefings to township supervisors that were newly elected in November, 2007. The PowerPoint presentation provides an overview of the COSTARS cooperative purchasing program as part of a day-long training session for the new supervisors. “Many of these new supervisors were elected with the promise of reducing the cost of government, and COSTARS gives them an easy way to produce quick results,” said Tim Fulkerson, COSTARS Marketing Director.

“We also demonstrate the flexibility and effectiveness of the program. These new supervisors can’t understand why many of their municipalities aren’t using COSTARS to purchase more of their commodities.”

In sessions throughout February and March, Fulkerson and his associate Bruce Beardsley reached over 360 new supervisors, sometimes doing four presentations per day.

COSTARS CONDUCTS WEBINAR WORKSHOPS FOR BOROUGH OFFICIALS

In the never-ending quest to spread the COSTARS message, COSTARS representatives facilitated an on-line, interactive workshop with borough officials who signed up for an April 24 webcast. The workshop was titled **COSTARS: SAVING MONEY BY MAKING LOCAL PROCUREMENT MORE EFFICIENT & EFFECTIVE** and was sponsored by the Pennsylvania State Association of Boroughs (PSAB). PSAB represents over 900 boroughs and almost 700 of them are members of COSTARS. All Pennsylvania boroughs are eligible to join COSTARS. Membership is free and COSTARS registration can be accomplished through the COSTARS website www.dgs.state.pa.us.

The 75-minute workshop provided elected borough officials, administrators, and purchasing agents with background information on the commonwealth’s Local Public Procurement law, comprehensive, hands-on knowledge and experience working with the COSTARS website and an understanding of how COSTARS can save boroughs money on over 75% of their equipment and commodity needs and lead to more effective and efficient purchasing. In addition, the session explained how to be audit-ready and how to negotiate with suppliers. Other uses of the COSTARS program were also explored, including budgeting and price benchmarking. The instructors were **Tim Fulkerson**, Director of COSTARS



Tim Fulkerson

Marketing & Constituent Service, and a former Mayor of New Castle, PA, and **Bruce Beardsley**, COSTARS Marketing Manager, and a former President of a local School Board.

“We’re excited to be using this new webinar technology to deliver training directly to borough officials,” Fulkerson said. Borough officials and staff participated without leaving their borough office. Each participant sat at their computer and was connected with other participants and the instructors. They received a live, real-time, interactive audio presentation via phone line and an enhanced PowerPoint presentation via the Internet.

The workshop will be repeated as long as the demand exists. Boroughs can express their interest at www.boroughs.org or by calling Ed Knittel at 717-236-9526.

ATTENTION SUPPLIERS

Registering in SRM and receiving a Vendor Number does not mean that you are an Awarded Vendor and able to sell your products to COSTARS Members. You must first respond to bid opportunities posted on the DGS COSTARS website. After successfully responding to the bid opportunity you will be awarded a COSTARS contract.

COSTARS ANNOUNCES WEBSITE IMPROVEMENTS

FOR SUPPLIERS

As a direct response to concerns raised by many of our suppliers, COSTARS has added a Suppliers' Gateway to our COSTARS Suppliers' page. This site will allow you to:

- Review a Users' Manual
- Review and Update your contact information
- Review your workbook exactly as it appears to our members
- Review the terms and conditions of your contract
- Electronically assemble and report your quarterly sales

The site went LIVE on April 1.

To access, go to www.dgs.state.pa.us/costars.

Click the "Suppliers" button. Click on "Suppliers' Gateway" under "Quick Links" on the right side of the screen. Enter your Federal ID# and you're in! The first thing you should do is click on "View User's Manual" in the top left corner of the screen. Print the manual for future reference. Read the manual.

In order to assist suppliers with their sales reporting requirements under the contract terms and conditions, retroactive to January 1, 2008, all sales under the contract must be recorded and reported through this website. If you have previously submitted monthly reports for January and/or February, they must be resubmitted through this new reporting mechanism. This will allow more detailed reporting, including sales dates and categories, which were not included in the previous reporting format. Zero sales for a reporting period must also be reported.



Please visit this new site designed specifically for your use. We hope you find it as helpful and user-friendly as we intended it to be. If you experience any problems or have questions or are unable to access the internet, contact us at GS-PACostars@state.pa.us or 1-866-768-7827.

NEW SEARCH CAPABILITY

A common question raised by the COSTARS constituency is "Can we get a complete listing of suppliers?" With a new search capability introduced on April 1, COSTARS users can do that and much, much more. The new search capabilities, which are part of a larger application called eMarketplace, allows users to search all state contracts by, among other variables:

- Contract number
- Supplier
- Description
- Keyword

Each listing resulting from the search includes the above information plus the contract's expiration date, whether COSTARS members can piggy-back, and the name of the commodity specialist that administers the contract. From the same listing, you can click on an icon to view the contract overview or the entire contract. The state contract search capability is accessed by clicking "State Contracts" in the top left hand corner of the COSTARS Members' Only page.

For COSTARS contracts, the search capability is even easier to use because everything has a drop-down list. Once you click on "COSTARS Contracts" from the



Members' Only page, you will immediately be linked to the COSTARS search capability. From there, you can click on the Contract drop-down list to choose from any of the COSTARS contracts (or all of them). You can then choose from a category unique to the contract you've chosen (or choose all categories). For example, under the COSTARS-1 Copier contract, the categories would be consumable supplies, accessories, lease, purchase, maintenance & repair, etc. Lastly, you can view and choose from all the suppliers on your chosen contract. Each listing indicates the supplier number and an icon to view the entire contract.

Both search capabilities also allow the user to sort by clicking on a particular variable heading, such as supplier.