

CONTRACT NEWS AND HIGHLIGHTS

New Additions, Scope Expansions, Replacement

As we reported in last quarter's newsletter, several new COSTARS contracts are expected to be introduced this winter. In addition, two existing contracts have expanded scopes and one contract will expire, but will be replaced.

COSTARS-29 Groundskeeping (Grounds/Turf) Maintenance

COSTARS research has determined that virtually all school districts, municipal and county governments plus many other members have grounds maintenance needs. In an increasing number of jurisdictions, budget cuts have



resulted in reduced purchases of capital equipment and/or staff reductions necessitating the outsourcing of some or all grounds

maintenance needs to professional companies specializing in these services. Therefore, it was concluded that a groundskeeping COSTARS contract would serve the needs of many COSTARS members.

COSTARS Commodity Specialist Kathy Lewis was assigned the task of writing the new contract and, with input from suppliers and other members of the COSTARS team, the task was completed in late November. After legal and other review, the bid solicitation was released and posted to the COSTARS website in mid-December. As with all COSTARS contracts, there is continuous bidding and potential suppliers are invited to submit their bids.

The scope of this contract includes:

- Landscaping and lawn maintenance (mowing, trimming, mulching, and edging)
- Pruning and planting trees, shrubs, and flowers
- Seeding (liquid and/or granular)
- Fertilizing
- Pest and weed control management such as insects, disease, weed control maintenance

(including application of herbicides, pesticides, and fungicides)

- Aeration services
- Soil sampling and testing
- Leaf control
- Salting (excluding roadways)
- Snowplowing and/or snow removal (excluding Roadways)
- Sweeping—sidewalks and parking lots (excluding roadways)

Supplier eligibility requirements include:

- Evidence of three years of experience
- Three client references
- Minimum of \$350,000 in liability insurance
- Pesticide Application Business License Certificate issued by the Pennsylvania Department of Agriculture, if applicable
- All materials conforming to Pennsylvania Department of Agriculture's specifications

The Commodity Specialist for this contract is Kathy Lewis. Kathy can be reached at 717-346-4056 or kalewis@pa.gov.



Theater (Auditorium) Furniture, Fixtures, and Equipment

One of the most consistently requested contracts by COSTARS members are items related to auditoriums. At press time, the COSTARS Theater (Auditorium) Furniture, *continued on page 6*

MESSAGE FROM THE DIRECTOR

Scott Cross, Director, Programs & Systems

The conclusion of 2011 brought with it a brief opportunity for the COSTARS staff to reflect on the state of the COSTARS program. Through this annual analysis the staff examines program successes and opportunities for future enhancements. This past year has again shown a growth in purchaser and supplier participation and sales. Educational workshops resulted in more efficient use of COSTARS-exclusive and statewide agency contracts. The restructuring of our bureau and the COSTARS team led to increased responsiveness to all of our COSTARS participants. We have also recognized areas where improved support was needed and the staff initiated actions to enhance communications accordingly.



The new year brings with it our committed effort to expand opportunities for purchasers and suppliers. Staff is currently preparing contract scopes for four new exclusive COSTARS contracts and a revitalization of a current contract that is scheduled to expire in March. These contracts are customer-driven initiatives and reaffirm our commitment to invite suggestions and consider how we may meet your needs.

Additionally, we have initiated an IT project to improve our efficiency and assure our participants' ability to interface with our web-based applications to make information available more readily and in a user-friendly environment.

We strive to make our newsletters informative with attention given to current topics of special interest to our members. I hope that you find the articles meet this goal and welcome your comments throughout the year.

BIDDING THRESHOLDS RAISED

On November 3, Governor Corbett signed Act 84 of 2011 which amended the Township Code to increase the current \$10,000 threshold requiring the advertisement and submission of competitive bids to \$18,500. It further requires informal quotations for purchases between \$10,000 and \$18,500. Purchases under \$10,000 are no longer subject to state procurement restrictions.

The act further requires these amounts to be adjusted annually based on changes in the Consumer Price Index. The act became effective January 1, 2012. Companion legislation affecting public authorities and county governments and making the same changes affecting bid thresholds was also signed on November 3.

Eighty-six percent of COSTARS transactions in 2010 were under the \$10,000 bidding threshold which indicates that many COSTARS members routinely use COSTARS regardless of the dollar amount of the purchase. "The data clearly demonstrates that members don't use the program just to avoid the costs of formal bidding," according to COSTARS Marketing Manager Bruce Beardsley. He noted that members cite the ease of the program and the credibility of its suppliers, as well as the added knowledge that they can further negotiate prices. "That shouldn't change with the higher thresholds," he said.

2012-2013 ROADSALT CONTRACT SIGN-UP BEGINS

Although the current winter season has barely begun, it's time to sign up for next winter's Pennsylvania state sodium chloride contract. The 2012-2013 Salt Participation Agreement is posted on the COSTARS



website at www.dgs.state.pa.us/costars in the right margin of the Members' page under NewsFlash. Members will have until March 15 to complete the agreement.

The Salt Participation Agreement is a simple one-page document, which can be completed and submitted electronically. It is a legally binding contract, but has substantial flexibility built in for COSTARS members. For example, participants are only obligated to purchase 60 percent of their stated needs (REMEMBER—this is a legally-binding obligation!), but can buy up to 140 percent of their needs at the contracted price.

After compiling the total needs of the participants, DGS goes to bid in the spring and awards the contracts, by county, in July. The contract is posted on the COSTARS website in early August.

Apart from state agencies, only registered COSTARS members may participate. The salt is guaranteed to meet PENNDOT requirements and, therefore, a municipality may utilize its Liquid Fuel Funds.

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	Emergency Responder Loose Supplies
COSTARS-13	Emergency Responder Vehicles
COSTARS-14	Recreation & Fitness Equipment
COSTARS-16	Water & Waste-Water Treatment-Components/Equipment
COSTARS-17	Waste, Recycling, & Material Handling Containers
COSTARS-18	LED Traffic Signal Modules/Housing
COSTARS-19	Medical Supplies
COSTARS-20	Laboratory Supplies
COSTARS-22	Weatherization Materials
COSTARS-24	Traffic Signs
COSTARS-25	Municipal Work Vehicles
COSTARS-26	Passenger Vehicles
COSTARS-27	Stop-Loss & Voluntary Benefits Insurance
COSTARS-28	Energy Conservation Management Supplies
COSTARS-29	Groundskeeping Maintenance
COSTARS-30	Energy Consulting Services

THE FUTURE OF LIGHTING

Time to Change Your Light Bulbs

It seems as if the lighting industry is moving as fast as ... well ... the speed of light! Its cause? According to General Electric's Market Development Manager Mike Musbach—who was among the lighting experts that spoke at a recent "Lighting Expo" sponsored by Pennsylvania's Bureau of Procurement and attended by state agencies and COSTARS members—

there are "three core factors" contributing to this ever-changing landscape. They are the "quickly approaching legislative mandates, the rare earth element scarcity, and the rapid changes in technology."

First, federal legislation was passed in 2007 which will halt the manufacturing of those familiar 4-foot and 8-foot T-12 fluorescent lamps found in many work spaces today. T-12 fluorescent technology is 70 years old and is far less efficient than newer technologies. The manufacturing of the magnetic ballasts commonly used for the lamps' operation will stop this summer and T-12s will no longer be made. They will be replaced with a more efficient T-8 version. The COSTARS-8 Maintenance, Repair, & Operation Supplies & Equipment contract will provide a list of suppliers who will make your purchases and your inevitable transition as easy as possible. Lighting suppliers agree: "Definitely go with the T-8 if you are buying a new fixture. They are not interchangeable, so if you already have a T-12 fixture you will need to convert the ballasts and sockets first."

The second factor to consider has to do with pricing. Unfortunately, the lighting pros agree that the price of all fluorescent lighting is increasing. Why? Rare earth metals are vital to the manufacturing of energy-efficient fluorescent lamps. Currently, more than 95 percent of the world's rare earth metals are mined and produced by China, where the manufacture and export of these compounds are heavily taxed and controlled. These limitations, coupled with increasingly strict export quotas and new environmental restrictions, have caused the price of these compounds to substantially increase—as much as 350 percent since January of 2010! In the near term, these factors will cause exports of rare earth materials to continue to decline, while prices increase. Further, this situation affects all fluorescents, including energy-efficient T-8s. Experts predict these shortages will continue through 2014, when new sources of supply will ease the current situation.



Finally (and here's some good news), new and emerging lamp technologies should help offset rising energy and product costs. "It's all about LED," says Philips' Account Manager Greg Ross. An LED bulb that draws 3.5 watts of electrical power delivers the equivalent light of a 45-watt incandescent bulb. With LED lighting, you not only get energy savings, you get longer lamp life,

and endless applications. These new technologies are exciting, but the pace of the technology change and product offerings can be dizzying. Relying on your COSTARS lighting suppliers' expertise will help guide you through your lighting plan decisions. So, at least in the long term, the future could actually seem bright after all!

COSTARS CONNECTION

*is published by the Pennsylvania
Department of General Services.*

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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>

UPS CONTRACT DELIVERS ... FOR EVERYONE

Pennsylvania's state contract for Small Package (Up to 150 lbs.) Delivery—Contract #4400004940—awarded to United Parcel Service (UPS), has been renewed through June 2012, with two additional one-year renewals allowed. Like most state contracts, it is open to COSTARS participation, which means that COSTARS members may “piggy-back” on it, receiving UPS services under the same terms and conditions and discounts as the state government. And those discounts are substantial—an average of approximately 50 percent off retail, according to UPS Director of Government Sales Cassie Dyer.



One of the terms of all Pennsylvania state contracts with supplier participation in COSTARS is the requirement to report COSTARS sales on a quarterly basis. While developing the UPS system for tracking and reporting COSTARS sales with the help of the COSTARS marketing team, it became very obvious to Dyer that UPS was missing a huge sales opportunity. During 2010, 156 COSTARS members took advantage of this state contract, generating \$4.7 million in sales for UPS while saving more than \$4.1 million—an average of more than \$26,000 per member! However, Dyer quickly realized nearly 7,000 COSTARS members were NOT using the contract! That was 7,000 potential UPS customers who would probably use UPS if only they knew of the deep discounts available to them!

The result, according to Dyer, is the implementation of a new UPS marketing plan focusing on COSTARS members. That plan will generate more sales and profit for UPS, greater savings for COSTARS members and their taxpayers and constituents, and a more valuable small package delivery state contract—including nearly \$14 million in state government sales plus many millions more in COSTARS sales—that will encourage very competitive bids and state taxpayer savings, during the next round of state contract bidding and awards.

In other words, a WIN/WIN/WIN proposition for everyone!

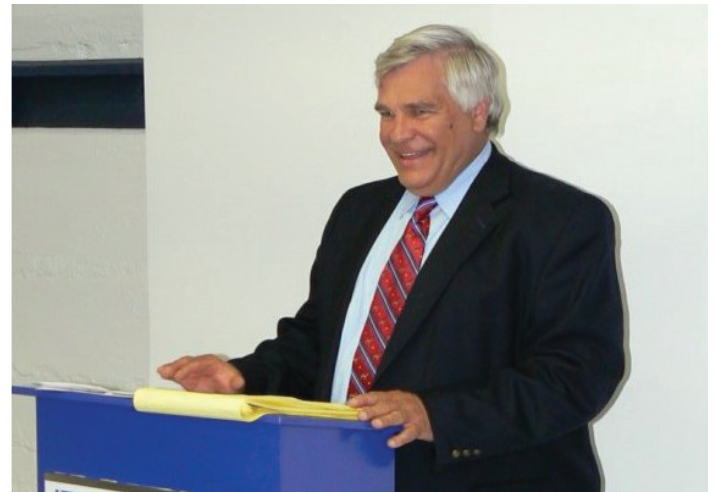
SUPPLIER WORKSHOPS SCHEDULED

Modeled after the highly successful workshops for COSTARS-exclusive contract suppliers conducted in early 2011, the COSTARS marketing team will facilitate a series of 30 seminars for suppliers who hold COSTARS-participating Pennsylvania state contracts. The 90-minute Powerpoint workshops will be conducted in Harrisburg beginning in March.

COSTARS Marketing Manager Bruce Beardsley noted that even though suppliers voluntarily chose to participate in COSTARS when they submitted their statewide contract bids, many are unaware they are COSTARS-participating; don't know what COSTARS is; and are unaware of the increased sales opportunity presented by the COSTARS program. “Suppliers on COSTARS-participating state contracts reported more than \$131 million in COSTARS sales in 2010—in addition to their business with the state government!” Beardsley said. “Yet, too many suppliers have no idea how to market their products to the COSTARS member base and very many are unaware of their legally-binding reporting requirements under the terms and conditions of their state contract.”

Seminar topics include:

- COSTARS program overview
- Using the website
- Marketing suggestions/ideas
- Sales reporting system
- Program feedback



Marketing Manager Bruce Beardsley conducting workshop

Suggested attendees include inside/outside sales representatives, company principals, sales and marketing managers, and anyone else who might interface with the COSTARS program or COSTARS members. Attendance is limited to four company representatives. Specific invitations will be sent approximately 4–6 weeks in advance of the scheduled workshop.

“Last year, 435 COSTARS-exclusive suppliers attended the workshops and an unbelievable 99 percent of the participants indicated that the workshop was a good use of their time!” Beardsley said.

CALLING ALL HEALTHCARE PROCUREMENT MANAGERS!

Using COSTARS to Maximize Savings

If you are a public health institution COSTARS member, and you are purchasing items off any of the existing COSTARS-exclusive or state contracts, you know that you are procuring quality items that meet your needs at a price for which you can feel good. If you are not using COSTARS to the maximum potential or you are not yet a COSTARS member, we invite you to become a member and begin purchasing off any of the existing contracts that are designed to give dollar savings, flexibility, and variety of product offerings.

"COSTARS gives us the purchasing power we need," says Lancaster General Hospital's Equipment Planning/Materials Manager Kim Adams. "COSTARS fills the void of our purchasing options when it comes to Facilities and IT." With more than a quarter of a million dollars spend so far in 2011, Lancaster General's purchasing through COSTARS helps it source products that "tend to not be available on specific health care alliances," according to Adams.

Interestingly, while total COSTARS spend in 2010 was more than \$480 million, only 1.1 percent of this spend came from the healthcare members. At press time, 2011 healthcare member spend was trending even lower. So, the question is: Why does the healthcare industry—one of the Commonwealth's largest and fastest growing industries representing 5.1 percent of COSTARS membership—seem to be less active when it comes to COSTARS participation?

Geisinger System Services' Associate Vice-President for Materials Management Deborah Templeton helped shed some light on one possible reason. Templeton states, "We really could use a refresher course in learning about COSTARS and all the opportunities that exist." Geisinger's spend in 2009 ranked it second among all COSTARS members that year and Templeton sees the opportunity for even more spend in 2012.

"One of COSTARS' highest priorities in 2012 is to enhance our ability to train our members on how to use the COSTARS program," according to Richard Zuber, the newest member of the COSTARS marketing team. "Additional training opportunities, including enhanced technological access to the training sessions, improved website tutorials, and hard-copy training aids are all being examined for the coming year. We certainly welcome any suggestions members might have to make the COSTARS program serve them even better."

An effective purchasing strategy requires hard work and a positive attitude. Procurement managers are inundated with a seemingly endless stream of suppliers, all vying for their attention and dollars. Because compe-



titive pricing is so critical in getting the best overall cost, COSTARS contracts welcome and accept all responsive and responsible bidders, then urge an open negotiating process to arrive at best value. Unlike other cooperative purchasing programs that ultimately award a single supplier and charge them a percentage of their sales, the COSTARS team works very hard at marketing the benefits of COSTARS participation to multiple suppliers, thereby providing COSTARS members with maximum choices.

The top contracts that COSTARS healthcare members have been utilizing are COSTARS-1 Copiers, COSTARS-26 Passenger Vehicles, COSTARS-3 IT Hardware, COSTARS-2 Office Furniture, COSTARS-8 Maintenance, Repair, Operation, and the state contract for Small Package Delivery. Surprisingly, however, health institution members have not widely used other contracts that would seem ideally suited for healthcare facilities, such as COSTARS-4 Office Supplies, COSTARS-5 Janitorial Supplies, COSTARS-19 Medical Supplies, COSTARS-14 Recreational & Fitness Equipment, and COSTARS-20 Laboratory Supplies.

There is great potential for growth in COSTARS use among health institutions and the program is committed to continue to provide the type of contracts the industry needs to secure quality, reliable, and cost-saving suppliers on those contracts.



ALERT!



ALERT!



ALERT!

Quick Reminder to COSTARS Suppliers

Please remember, ALL COSTARS suppliers are required as a condition of their contract to submit quarterly sales reports, even if there are zero sales to report. If you have not already submitted Q4 2011, or any sales reports for 2011, it is not too late!

To learn how to submit this important information, please go to the COSTARS home page at www.dgs.state.pa.us/COSTARS), click on "Resource Center" under COSTARS on the left of the page. From there, you will find several helpful guides including the Sales Reporting Manual.

NOTE: Please ensure that all sale dates fall within 2011.

THANK YOU!

Fixtures and Equipment contract was in the process of legal review and should be released soon.

The contract scope will most likely be:

- Theater (auditorium) furniture, seating, and storage
- Accessories such as armrests, tablet arms, cup holders, number and letter plates
- Podiums, lecterns, and stands
- Fixtures such as indoor waste receptacles, umbrella stands, coat racks, indoor directories, stanchions
- Portable stage, risers, and skirting
- Room dividers, portable partitions, stage curtains
- Portable audio/video equipment, storage cabinets, carts, and accessories
- Portable stage lighting and accessories

Commodity Specialist Emanuel Williams, 717-703-2946, emwilliams@pa.gov, will administer this contract.

Energy Consulting Services

The scope of this new COSTARS-exclusive contract includes:

- Rate auditing services
- Commercial energy audits
- Utility bill auditing
- Software analysis services
- Technical support services
- Marketing analysis services
- Energy monitoring, analysis, and advice
- Database development and maintenance services
- Brokerage services

Commodity Specialist Georgina Baltimore, 717-783-5368, gbaltimore@pa.gov, will administer this contract. This contract was posted for bid solicitations on January 13.

Signage

Another often-requested contract—signs—is also in the process of legal review.

The anticipated scope will most likely include:

- Banners
- Electric and LED signs
- Billboards
- Hanging signs
- Map signs
- Park signs
- Neon and lettering
- Decals
- Posters
- Message boards
- Plaques and markers
- Scoreboards



Commodity Specialist Emanuel Williams, 717-703-2946, emwilliams@pa.gov, will administer this contract.

As is the case with all COSTARS-exclusive contracts, interested suppliers must first register with the Pennsylvania Department of General Services at www.pasupplier.portal.state.pa.us to receive a vendor number. Suppliers next submit their response to the bid solicitation by following the directions on the COSTARS website. All responsive and responsible bidders will be awarded contracts.

Scope Expansions

The scope of COSTARS-25 Municipal Work Vehicles has been expanded to include Mobile Vehicle Lifts, and COSTARS-13 Emergency Responder Vehicles now includes Water Rescue Boats and Apparatus. Additional details can be found in the formal bid solicitations located at the COSTARS website under Bidding Opportunities.



COSTARS-22 Weatherization Materials

COSTARS-22 was issued in 2009 for the express purpose of facilitating and tracking sales funded by the American Recovery and Reinvestment Act of 2009 (ARRA), otherwise known as the stimulus bill, and was restricted to those sales. With ARRA's funding about to be exhausted, COSTARS-22 will expire March 31, 2012. However, recognizing the continuing need for certain COSTARS members—most notably housing authorities, county governments, and others—to purchase the items included in the scope of this contract, a new bid solicitation for a Weatherization Supplies contract, with a similar scope, will be issued prior to the expiration of COSTARS-22. New suppliers are no longer being awarded contracts under COSTARS-22.

For additional information, contact Commodity Specialist Georgina Baltimore at 717-783-5368, gbaltimore@pa.gov.

COSTARS-4 OFFICE SUPPLIES

Periodically, as space permits, we print the names of our COSTARS-authorized suppliers. This issue, we highlight COSTARS-4, as of January 19, 2012.

Aaron Solutions	Bulldog Office Products
D & D Office Plus	Graffen Business Systems
Hagan Business Machines	Hampton Office Products
Impact Office Products	Innernet
Innovative Printing Systems	Block Business Systems
Office Service Company	Stotz & Fatzinger Office Supply
Kurtz Bros.	Lakeshore Learning Materials
Landis Office Center	Laser Lab
Office Basics	OfficeMax
One Point	The Phillips Group
Pinnacle Business Products	School Specialty
Staples	Target Office Products
WB Mason Company	