



COSTARS Connection

The Commonwealth's Cooperative Purchasing Program *Passport to Business Opportunity and Procurement Savings*

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Winter 2018

Tom Wolf, Governor
Curt Topper, Secretary



Municipalities Save Big on State's Expanded Electricity Procurement Program

By Bruce Beardsley, COSTARS Marketing Manager

Twenty-eight local Pennsylvania public entities recently selected electricity suppliers through Pennsylvania's COSTARS program, generating a 4-year savings of \$1.8 million compared to the regulated price of the region's designated electric distribution company and \$700,000 compared to the entities' prior rates. For example, the City of Allentown will be saving \$139,812 annually under their new contract, compared to their existing rates. Other COSTARS participants in this bid event included 21st Century Charter School, Bellefonte Borough, Catawissa Water Authority, Northampton County, and Upper Dublin Township.

The Commonwealth of Pennsylvania, through the collaboration of the Department of General Services' (DGS) Bureau of Procurement (BOP) and the Penn State Facilities Engineering Institute (PSFEI), competitively bids and awards fixed-price contracts for more than 7,000 electricity accounts among state government facilities. Through this process, state agencies across the Commonwealth are realizing more than \$4 million in annual electricity rate savings through 2019. This reduction is part of the more than \$140 million documented cost savings generated by DGS as part of Governor Tom Wolf's "Government That Works" and "GO-TIME" initiative bringing transparency, efficiency, effectiveness, modernization, and innovation to state government.

The DGS BOP and PSFEI have solicited and contracted electric supply for the Commonwealth's portfolio, Pennsylvania's State System of Higher Education, and a small number of municipalities since 2009. In 2017, PSFEI secured a PUC electric broker license and the Interagency Governmental Agreement between DGS and PSFEI was amended to expand the electricity procurement program to all COSTARS members at costs significantly lower than average broker fees.

Members utilize the Commonwealth's electricity contract by participating in periodic competitive bid events. Depending on their annual electric use, PSFEI may seek bids for an individual member or may aggregate the needs of several members. To date, more than 80 COSTARS members participate in this cost-saving electricity procurement program. The more COSTARS members that participate in each event, the better the opportunity for obtaining the lowest possible pricing.

"One of Governor Wolf's priorities is to extend the benefits and principals of his initiatives to local governments. Leveraging a successful statewide agency procurement program through aggregation of smaller, local government accounts to drive competition advances the Governor's goal", according to DGS Deputy Secretary for Procurement Ken Hess.

Rate Type	Lowest Price*	Highest Price*
Commercial	\$0.05306	\$0.06530
Residential	\$0.03907	\$0.06440
Street Lighting	\$0.03185	\$0.03555

**Prices exclude supplier charges for PA Gross Receipts tax, which are approx. 6.01%*

# of Accounts Bid	566
# of Bid Packages	21
# of Accounts Awarded	453
# of Suppliers	5
# of Bids	225

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Return of "Installation" as an Ancillary Service Contributes to COSTARS Growth

By Bruce Beardsley, COSTARS Marketing Manager

Use of COSTARS-exclusive contracts by COSTARS members increased 7.3 percent in FY 2016 (July 1, 2016 - June 30, 2017). Most remarkably, all that increase (\$43.7 million) came from the six COSTARS contracts most heavily impacted by the Department of General Services' decision in November 2015 to reinstate "Installation" as an allowable Ancillary Service. In addition, COSTARS membership grew 3 percent to 8,680 (with Pike County experiencing the largest growth of members at 16.2 percent since 2014), the number of suppliers awarded COSTARS-exclusive contracts increased by 9.1 percent (50.5 percent were Small Businesses), and overall spend by COSTARS members through the program (including "piggy-backing" off statewide contracts) increased by 5.7 percent to a record \$1.137 billion!

"Installation" was limited or removed as an allowable ancillary service in April 2012. The contracts most impacted (see chart) grew by only 4.2 percent in FY 2013, while the rest of the COSTARS-exclusive contracts increased by more than 20 percent. The first full year that reflected the reinstatement was FY 2016. The impact was dramatic with the affected contracts increasing by 45.3 percent! Thank you members and suppliers for complying with all applicable statutes and regulations so that we may continue to offer Assembly/Installation/Construction Activities as an ancillary service in many of our COSTARS contracts.

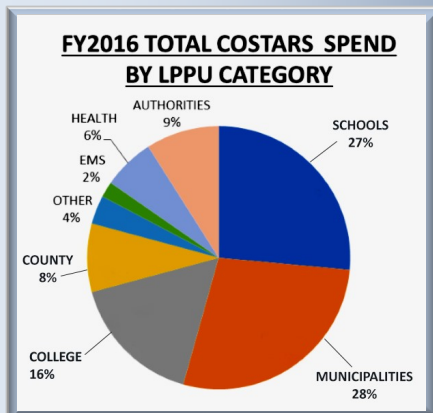
Other COSTARS-exclusive contracts with significant percentage sales growth were Uniforms (+106.9%), Signage (+77.5%), and Toiletries (+69.3%). Notable increases of COSTARS spend among statewide contracts were ITQ for Maintenance, Repair and Testing for Surveillance, Security and Fire Systems Services (+29.3%), Wireless Communication Services (+25%), and Energy Supply & Related Services (+70.6%). COSTARS-3 IT Hardware continues to be the largest COSTARS-exclusive contract with sales of \$187.6 million, a 4.1 percent increase over FY 2015. COSTARS-8 Maintenance, Repair & Operation (MRO) Equipment & Supplies has the largest number of authorized suppliers (264), experiencing a 12.3 percent increase in FY 2016. COSTARS-29 Ground Keeping Services and Supplies had the largest growth of suppliers, more than doubling from 14 to 29.

Municipal governments represented 27.6 percent of total COSTARS spend followed closely by educational entities (non-college) which purchased 26.2 percent (see pie chart). Educational entities purchased 61.8 percent of all IT Hardware sales, municipal governments were the main consumers of waste and recycling containers, colleges spent more through the statewide small package delivery contract (59.5%) than any other membership category, and county governments made most of the purchases among the food, toiletries, and two-way radio communications equipment contracts.

Penn State University was the top user of the COSTARS program. Westmoreland County Municipal Authority, Swatara Township, the City of Philadelphia, Allegheny County, Red Lion Area School District, Pennsylvania Cyber Charter School, and the University of Pittsburgh Medical Center were the top users among their respective membership categories.

In total, COSTARS members saved an estimated \$254 million using the program, 57.6 percent coming from the use of COSTARS-exclusive contracts and 42.4 percent from the use of statewide contracts. Among more than 150,000 transactions, 87.9 percent were below the \$19,700 bidding threshold, indicating that most members use the program routinely, even when public bidding would not be required, presumably because of their confidence in the suppliers and the ease of the program.

CONTRACT	FY 2016 GROWTH	FY 2013 GROWTH
COSTARS-8 Maintenance, Repair & Operation (MRO) Equipment & Supplies	20.0%	23.0%
COSTARS-14 Recreational & Fitness Equipment	82.6%	8.1%
COSTARS-16 Water & Wastewater Treatment Plants - Components/ Equipment	45.9%	-8.5%
COSTARS-34 Theater (Auditorium) Furniture, Fixtures, Audio/Visual Equipment and Musical Instruments	208.7%	-11.4%
COSTARS-35 Furniture and Window Treatments	21.6%	-21.4%
COSTARS-36 Appliances, Cafeteria Equipment, and Supplies	58.5%	N/A



COSTARS in the News

By Claire Osborne, COSTARS Marketing Manager

November was a busy month for COSTARS members in the news! In Cumberland County, according to *The Sentinel*, the Borough of Mount Holly Springs Council authorized the Borough Manager Tom Day to purchase a truck through the COSTARS Program using their general fund and liquid fuel monies. By using the COSTARS Program, the borough was able to save the time and expense associated with the public bidding process.

In Schuylkill County, according to the *Republican Herald*, the Pine Grove Area School District is upgrading its fleet of passenger vans. The board approved two Ford passenger vans from Manderbach Ford, an authorized COSTARS supplier, using their capital projects account. They also approved three Pro-Vision Video Systems from Pro-Vision USA using the COSTARS program to be used in the new vans.

Meanwhile in Allegheny County, according to *TribLive*, Carnegie Council approved the purchase of parking kiosks from Cale America, an authorized COSTARS supplier. And in Luzerne County, according to the *Times Leader*, Wilkes Barre City Council was presented with resolutions to purchase vehicle extrication tools or Jaws of Life from Susquehanna Fire Equipment Co. of Dewart for the fire department and a command vehicle for the fire assistant chief from New Holland Ford through the COSTARS Program.

There are definitely more purchases that have taken place throughout the commonwealth using the COSTARS program by our COSTARS members! These are just a few examples of how COSTARS can provide invaluable savings in time and cost! We look forward to seeing more of our members and suppliers in the news with successful purchases!



Disaster/Emergency Procurement Website Available to Eligible COSTARS Members

By Jonathan Anschutz, Director, Bureau of External Operations, Pennsylvania Emergency Management Agency (PEMA)

When a natural or human-caused disaster strikes your community, there may be times when you will need additional resources to assist with the response to and recovery from that event. While many locales rely on mutual aid assistance for these resources, some resources may need to be contracted or provided through the private sector.

Did you know that you are able to make emergency purchases through the Pennsylvania Department of General Services (DGS)?

Once a requirement has been identified, the Authority Having Jurisdiction can fill that need either through mutual aid, existing contracts, emergency procurement, or making a resource request for state resources through the Pennsylvania Emergency Management Agency (PEMA). When mutual aid resources have been exhausted, municipalities and counties should attempt to fill a need using contracting/procurement methods prior to making a resource request to the state.

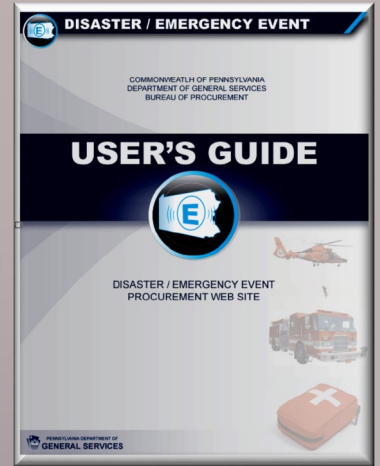
Resources available through contracting and procurement methods may be closer and more cost-effective than resources that would be deployed by the state.

Using snow removal as an example, municipalities that are overwhelmed by a heavy snow event may have trouble clearing roads in a timely manner using their own personnel and equipment. Because many snowfall events are regional and not localized events, mutual aid may not be readily available and snow removal assistance from the state may be delayed as the state has its own snow removal priorities.

DGS Emergency Procurement has snow removal services available using several providers across the Commonwealth. Naturally, these providers have an existing customer base which must also be addressed; however, PEMA reports that in previous events, private sector resources are often able to meet a requirement sooner than public sector resources, whether from the state or intrastate mutual aid from other municipalities.

Authorized purchasers should familiarize themselves with the DGS Disaster/Emergency Procurement Process.

A Quick Reference Guide is available for download and other information is available at: <http://www.dgs.pa.gov/Local%20Government%20and%20Schools/Disaster-Emergency-Procurement/Pages/default.aspx>.



Municipalities Save Big on State's Expanded Electricity Procurement Program, cont.



"PSFEI is pleased to support Governor Wolf's mission of helping state and local government and non-profits across the Commonwealth save money," said PSFEI Director John Hajduk. "Our skilled team of certified energy professionals have designed the electricity procurement program to ensure customer protection, fair competition and price transparency. This means our customers get competitive pricing on terms that protect their interests."

Commenting on their participation, Allentown's Purchasing Agent Judy Snyder said, "Scott from Penn State was wonderful! He helped a lot and made the process very simple for us. He also discovered that our previous supplier was charging us sales tax and we'll be getting that returned. The new contract looks like it is going to save us a lot of money over the years, which we can certainly use for other priorities. COSTARS is a great program. We use it a lot and everyone there is always so helpful."

Northampton County's Deputy Purchasing Manager Terry Beidelman indicated, "We have built up a trust with the PSFEI, COSTARS, and DGS staff that they will do the right thing for us. We've saved a lot of money over the years with them. They are always knowledgeable and professional."

The next COSTARS electricity bid event will be held in April 2018. Interested COSTARS members should contact Scott Harford, PSFEI, at sharford@enr.psu.edu or 814-863-2090 not later than March 31, 2018.

State Surplus Store Changes

As part of the Department of General Services' (DGS) efforts to make the sales of State Surplus property more convenient and accessible to a wider customer base, DGS has moved State Surplus items for sale to the public, including Federal Transportation Security Administration (TSA) property, exclusively to an online auction storefront at www.govplanet.com/pa or www.GovDeals.com. Sales are no longer available through the State Surplus Retail Store in Harrisburg.

Through the State Surplus Property Program, the commonwealth offers state-owned office furniture, equipment and supplies for sale to the public. Special sales are held periodically throughout the state, as well as online auctions. The program also offers online sales for municipalities and the public to purchase heavy equipment. All revenue from the items sold goes to the state's general fund.

To view what property is available online, visit the State Surplus Property Program Website at <http://www.dgs.pa.gov/Local%20Government%20and%20Schools/Surplus%20Supplies%20and%20Equipment/State-Surplus-Property/Pages/default.aspx>.

Public Bidding Threshold Increase

The Pennsylvania Department of Labor & Industry published the authority and municipal bidding thresholds for 2018. Under Act 90 of 2011, the bidding thresholds provide for an annual inflation adjustment based on the Consumer Price Index for All Urban Consumers.

The percentage change for the 12-month period ending Sept. 30, 2017, is 2.2 percent. Beginning on Jan. 1, 2018, the bidding thresholds for municipal authorities will be as follows:

- Purchases and contracts below \$10,900 require no formal bidding or written/telephonic quotations.
- Purchases and contracts between \$10,900 and \$20,100 require three written/telephonic quotations.
- Purchases and contracts over \$20,100 require formal bidding.

NOTE: These threshold requirements do not apply when using the COSTARS Cooperative Purchasing Program.



Meet COSTARS New Management Technician

By Kim Bullivant, COSTARS Marketing Manager



COSTARS is pleased to introduce the newest addition to our team, Management Technician Priscila Bills. Priscila comes to us from Araçatuba, Brazil, known for its sprawling countryside, cattle ranches, and sugar cane farms. Before moving to the U.S., Priscila attended Toledo University, majoring in social communications and journalism. While in college, she completed internships as a social communications assistant with Araçatuba's City Administration and the Ministry of Social Security and Welfare Assistance.

After graduation, Priscila took part in a student exchange program, enabling her to gain new cultural and educational experiences in the U.S. by working as an Au Pair (i.e., live-in nanny) helping to care for two toddlers, and completing a photography course. After one year, she moved on to a print and marketing associate position with Staples in Camp Hill. Although the job could be taxing at times - handling phone calls, helping in-store customers, and fixing copier issues - Priscila gained a wealth of customer service experience during her time there.

Then, in Feb. 2016, Priscila joined the commonwealth's temporary clerical pool, working with the Board of Probation and Parole, and the Pennsylvania Department of Transportation, before securing the full-time management tech position with the Department of General Services, Bureau of Procurement.

As the first point of contact for COSTARS members and suppliers who call or email us, she will assuredly have boundless opportunities to practice her customer service skills! Additionally, Priscila has assumed the responsibility of keeping the public up-to-date on any important COSTARS news via Facebook and Twitter.

Priscila mentioned the two things she misses most about home are her family and the food, especially the bountiful lunches (comparable to dinner in the U.S.). Although she makes the occasional trip to Philadelphia for some adequately authentic Brazilian fare, she also enjoys sampling Pennsylvania's local culinary delights, pierogis being one of her favorites! In her free time, Priscila enjoys doing yoga, hiking and spending time with her boyfriend.

You may contact Priscila at 1-866-768-7827 or gs-PACostars@pa.gov with any COSTARS questions.



Procurement Technical Assistance Centers (PTACs) Helping Suppliers Successfully Compete for Government Business

By Kim Bullivant, COSTARS Marketing Manager

Is your business looking for assistance with government contracting? Do you need help marketing your products and services to government agencies? Are you interested in becoming a COSTARS supplier but not sure how to complete the bid documentation?

Help is right around the corner at your local Procurement Technical Assistance Center (PTAC)!

Procurement Technical Assistance Centers (PTACs) were established through the Procurement Technical Assistance Program (PTAP), authorized by Congress in 1985, to help expand the number of businesses participating in the government marketplace. The Department of Defense, Defense Logistics Agency (DLA), administers the program, providing matching funds through cooperative agreements with state and local governments and non-profit organizations to promote the creation of PTACs.

While some PTACs are managed directly by state governments, others partner with universities, community colleges, local economic development corporations, Small Business Development Centers, and other small business programs. In Pennsylvania, you will find PTACs located at universities, planning and development commissions, economic development organizations, and councils of government.

All PTACs are staffed with dedicated procurement professionals experienced in government contracting and provide a wide range of services including classes and seminars, individual counseling, access to bid opportunities, assistance with small and small diverse business certification, and other information necessary to successfully compete for government contracts.

"The Procurement Technical Assistance Program is designed to help small businesses understand how to do business in the government marketplace," said Robert Brown, Director, Procurement Technical Assistance Center, SEDA-Council of Governments. "The trained professionals located throughout the country stand ready to help the small businesses grow their government sales. We are all dedicated to this idea to help boost economic activity and to increase business growth in the communities that we serve."

There are currently 13 PTACs located throughout Pennsylvania. To find the PTAC nearest you, please visit the Association of Procurement Technical Assistance Centers website at:

<http://www.aptac-us.org/find-a-ptac/?state=PA>.



Time to Register for Road Salt!

"There's one good thing about snow, it makes your lawn look as nice as your neighbor's!" ~Clyde Moore

It's that time of year again! The 2018-2019 Sodium Chloride (Road Salt) Contract registration period is now open. To sign up, members must complete the 2018-19 Road Salt Contract Participation Agreement which can be accessed by selecting the orange bar at the top of the COSTARS Members Area after Jan. 2, 2018. For any member without access to the DGS COSTARS website, a hard-copy of the Salt Contract Participation Agreement form can be obtained upon request by calling the COSTARS Program at 1-866-768-7827. If filing by hard-copy, a completed Agreement must be submitted to DGS COSTARS and postmarked by no later than March 15, 2018.

It is important to note that the Salt Contract Participation Agreement is legally binding, with participants being obligated to purchase 60 percent of their total tons required, but able to buy up to 140 percent of their submitted amount at contracted price. A member can review and/or edit their Participation Agreement anytime up to the enrollment deadline. The awarded contract(s) will be posted in August.

Late Requests

This year, there were nearly 40 requests from COSTARS members to be added to the contract after the registration period closed. The estimates added 15,753 tons, and at 140% if a severe winter, could go as high as 22,000 tons needed. Suppliers likely accepted the requests because of the past two mild winters. However, based on the winter we've experienced so far, and given the demand for salt that likely has increased from the east coast states, it is very possible that suppliers **may not** be as readily accepting next year. We've seen instances where suppliers charge as high as \$120 per ton or more during rough winters for those who are not on contract.

Please keep this in mind as your entity is making the decision to participate in the 2018-2019 contract, or when estimating the total amount you will need, as suppliers may not be able to accommodate late requests due to capacity constraints.

Delivery Timeframe

Delivery timeframes are either 5 or 7 business days depending on stockpile capacity. It is always best to anticipate needs and plan ahead, rather than expecting just-in-time deliveries. Or, consider adding to your entity's existing stockpile capacity.

Reminder to COSTARS Members-Update Your Membership Profile!

It is very important to keep your organization's profile current, as COSTARS staff periodically communicates with our members regarding vital news, updates, notices, etc.

Additionally, to prevent an increased influx of non-deliverable emails that may eventually prevent us from maintaining contact with our membership via email, it is critical that we have accurate contact information for each member, including a primary contact person's name, address, phone, and email address.

To ensure your profile is up-to-date, please visit the COSTARS website at www.costars.state.pa.us, then select COSTARS (Cooperative Purchasing) under the Local Government & Schools tab. Then select the Member Information link under Additional Resources. Finally, select the Members button, and log in via the COSTARS Membership link on the left-hand side of the page.

PennDOT Clarifies Materials/Labor Purchases

By Bruce Beardsley, COSTARS Marketing Manager

The Pennsylvania Department of Transportation (PennDOT) is updating its guidance to COSTARS members and suppliers regarding purchases of material in combination with a related purchase of services, (installation, application, construction, etc.). This guidance relates to PennDOT's interpretation of liquid fuels funds eligibility and is consistent with recent Auditor General audit decisions.

According to PennDOT: Municipalities must follow the appropriate municipal code when determining which bidding procedures are required when using liquid fuels funds. Thus, the municipality's solicitor and not PennDOT or Department of General Services (DGS) must make the determination on whether liquid fuels funds may be used to purchase materials off COSTARS in combination with a purchase of services (e.g. application, hauling, installation, construction) and, if so, what bidding procedures apply.

PennDOT takes the position that liquid fuels funds may be used to purchase materials off COSTARS in combination with a purchase of services if the municipality's applicable bidding procedures for the total project amount are followed. For example, if a municipality purchases materials totaling \$14,000 off COSTARS and then requires a contractor to apply the materials, the total cost of the materials (\$14,000) plus the anticipated cost of the application (\$12,000) must be considered to determine whether informal price quotes or formal bidding is required. If the total amount exceeds the statutory limit for price quotes, the municipality must bid out the application portion of the project. The municipality is not required to bid out the materials portion of the project because the COSTARS contract was competitively bid.

This position is supported by a recent Auditor General audit, which found that, as long as the municipality followed the purchasing requirements per the applicable municipal code based on the total cost of the project, then the separate purchases for materials and application/hauling did not evade bidding procedures. The audit found that a municipality may not consider only the application cost when determining whether formal bids are required. The Auditor General issued a finding that the municipality had to repay liquid fuels funds paid to a contractor to apply materials because the municipality did not consider the total value of the application costs plus the cost of materials when determining which bidding procedures were required. The total value of the project required formal bidding but the municipality asked for informal quotes. The Auditor General found no issue with the material purchased from the COSTARS contract and did not require repayment of those funds.

PennDOT plans to continue to follow this approach. However, PennDOT believes questions raised by municipalities regarding these situations should be addressed by the municipalities' solicitors.



COSTARS On The Road

COSTARS Marketing Managers make it their mission to spread the message about the COSTARS Program, recruit new members and suppliers, and provide training about the program. Marketing Managers Bruce Beardsley, Kim Bullivant and Claire Osborne travel throughout the commonwealth speaking at conferences, workshops and seminars sponsored by associations, suppliers, universities, legislators, chambers of commerce and others.

Recent Events

- Dec. 8** Lehigh Valley Association of Independent Colleges Purchasing Consortium Members' Workshop Bethlehem
- Dec. 12** COSTARS Member Webinar Reducing Costs of Manufacturer Equipment Maintenance Contracts with the Remi Group Online
- Jan. 13** PSATS Boot Camp for Township Officials Enola
- Jan. 17** PA Boroughs Webinar Online

Upcoming Events

- Jan. 20** PSATS Boot Camp for Township Officials Breezewood and Canonsburg
- Jan. 27** PSATS Boot Camp for Township Officials Breinigsville
- Feb. 3** PSATS Boot Camp for Township Officials - Exton
- Feb. 9.** SEDA-COG Prospective Suppliers Workshop Harrisburg
- Feb. 10** PSATS Boot Camp for Township Officials Lancaster, Lewisburg and Scranton
- Feb. 16** Rep. Burns Grant Workshop Ebsenburg, Cambria County
- Feb. 24** PSATS Boot Camp for Township Officials Cranberry Township and Warren
- March 3** PSATS Boot Camp for Township Officials Clearfield and Mercer
- March 9** Rep. Murt Suppliers & Members Workshops - Montgomery
- March 10** PSATS Boot Camp for Township Officials King of Prussia

To submit a request for a COSTARS representative to speak or conduct a training session for members or suppliers at an upcoming event, please contact Bruce, Kim or Claire at toll free telephone number 1-866-768-7827 or email to GS-PaCostars@pa.gov. The COSTARS Marketing Team's Calendar of Events is also available on the COSTARS website on the [COSTARS Program Resources](#) page.

COSTARS Member and Supplier Webinars

In December, the COSTARS team hosted a Member Webinar provided by the Remi Group highlighting the statewide Equipment Maintenance contract. Participants learned how they can use this contract to save money by replacing multiple service agreements and extended warranties with one agreement that costs less and is more flexible than the Original Equipment Manufacturer (OEM) or Independent Service Organization (ISO) contract. You may view the Equipment Maintenance contract #4400014325 via the PA eMarketplace Search Contracts link at <http://www.emarketplace.state.pa.us/>.



Like us on Facebook and follow us on Twitter to begin receiving COSTARS updates! Remember, this does not replace important updates we send to you via email, so please be sure to maintain your member and supplier information in the COSTARS system.

Visit our Facebook page at:

<https://www.facebook.com/pages/Costars-PA-Department-of-General-Services/904261462952351?ref=hl>

Visit our Twitter page at:

<https://twitter.com/COSTARSNews>.

At DGS, our mission is to help government operate more efficiently, effectively, and safely - delivering exceptional value for all Pennsylvanians.

COSTARS Connection

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Ken Hess - Deputy Secretary for Procurement
Jenny Doherty - Chief Procurement Officer
Dawn Eshenour - Chief, Supplier Dev. & Support Div.
Bruce Beardsley - Marketing Manager
Kim Bullivant - Marketing Manager
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Further information on the COSTARS program is available by phone at 1-866-768-7827 or by visiting the [COSTARS](http://www.costars.state.pa.us) website at www.costars.state.pa.us.

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