

COSTARS Connection

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Tom Wolf, Governor
Curt Topper, Secretary



COSTARS Adds Assembly/Installation/Construction Services

By Bruce Beardsley, COSTARS Marketing Manager

Effective Nov. 16, 2015, COSTARS announced that Assembly/Installation/Construction Services are being added as an ancillary service to many of its COSTARS contracts. As an ancillary service, this provision can only be offered in conjunction with the products offered under the contract, and is not a "stand-alone" element within the scope of any COSTARS-exclusive contract. Pennsylvania law allows COSTARS members, such as political subdivisions, to use the multiple vendor COSTARS contracts in lieu of the otherwise required formal bidding process, since DGS has already awarded these contracts through their own competitive bidding process. Although COSTARS members can also "piggy-back" off of many statewide contracts, these contracts do not provide for ancillary services and this change is, therefore, not applicable to those contracts.

The announcement officially rescinded the Advisory dated April 23, 2012 and the Clarification dated March 22, 2013 regarding installation. This new provision has been added to applicable COSTARS contracts in a phased approach. Please refer to the specific COSTARS contract terms and conditions for detail, if applicable to the contract.

Originally, COSTARS contracts included installation, in recognition that installation could be an integral component of a materials purchase, particularly as it may require specialized and, perhaps proprietary, knowledge, validity of warranties, safety and other factors. However, in 2012, the removal or limitation of installation services was in response to the concern "that certain local governmental entities were using the installation provision in certain supply contracts...circumventing required statutory provisions..."

Since then, COSTARS has received many concerns from members and suppliers regarding this policy change. In response to those concerns, the Department of General Services reconsidered this issue and decided to make the change. According to the official announcement, "The ultimate liability for failure to comply with all applicable statutes and regulations lies with the local governmental entity".

Excerpt from official announcement.

The impact of this change is to permit, without dollar limit, ancillary assembly, installation, and construction activities in those contracts where these services are specifically included in the scope of the contract within the Ancillary Services section of the *COSTARS Contract Special Terms and Conditions* **AND** where these services are not prohibited or limited by any existing or future laws, regulations, or policies to which the buying or selling entity is subject, including, but not limited to *The Separations Act of 1913*, *The Pennsylvania Prevailing Wage Act*, *The Steel Products Procurement Act*, and *The Public School Code of 1949*, and all lawful amendments to these statutes. Governmental entity Purchasers may not use this contract to avoid applicable legal requirements. It is the responsibility of each governmental entity Purchaser to confer with its legal counsel to determine what legal requirements or limitations apply and whether or not the COSTARS contract is appropriate for a particular purchase.

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What is a COSTARS Sale?

By Claire Osborne, COSTARS Marketing Manager

COSTARS, the commonwealth's cooperative purchasing program, gives COSTARS registered members the option to purchase from COSTARS-exclusive contracts or from a large selection of Statewide COSTARS Participating Contracts without the time consuming requirements of the bidding process.

Pennsylvania Procurement Law determines that if a local governmental entity wishes to purchase a commodity it must follow specific requirements. If the purchase is below \$10,500, the entity can simply purchase the commodity with no advertising, competitive bidding or price quotes required. When the purchase of the commodity falls between \$10,500 and \$19,400, three informal price quotes are required with award to the lowest responsible quote. When the purchase is over \$19,400 the entity must follow the formal competitive bidding requirements. If the entity is a registered COSTARS Member using the COSTARS Program and buying contract-specified products or services from a COSTARS-authorized or COSTARS-participating Supplier, they are released from these specific requirements.

A COSTARS-authorized supplier is a COSTARS-exclusive contract holder, which holds a contract created by the PA Department of General Services (DGS) for exclusive use by COSTARS registered members. A COSTARS-participating supplier is a contract holder that holds a contract created by DGS for use by commonwealth agencies (statewide contracts) and has agreed to also allow use by COSTARS registered members. It is important to note that each statewide contract in PA eMarketplace will specify whether the supplier has agreed to sell to COSTARS registered members. If the COSTARS column reflects "YES", it means that the supplier has agreed to sell to COSTARS registered members - if it reflects "NO", it means the contract is not available to COSTARS registered members.

In order to be in compliance with the procurement law when using COSTARS to purchase, it is also important to determine if your supplier actually holds a COSTARS-exclusive contract or has a "YES" in the COSTARS column if it is a statewide contract. If they do not hold a contract, or have a "NO" in the PA eMarketplace COSTARS column, purchasing from them would not be considered a COSTARS sale and PA Procurement Law requirements must be followed. You can verify whether the supplier holds the contract by viewing the contract on the COSTARS website.

We recommend taking the following steps when you purchase any commodity or service using COSTARS. Keep exceptionally detailed records, and make sure you verify all of these requirements prior to your purchase:

- Verify the supplier is a COSTARS contract holder and the commodity or service you are purchasing from them is included in their COSTARS contract.
- Open the Contract Overview and print the supplier listing for proof the supplier was holding a COSTARS contract at the time of purchase.
- Print each page of the Vendor Contract.
 - For COSTARS-exclusive contracts this will include the Service Area, the Product Category, Manufacturer List, Ancillary Services, Bid Item Sheet, Custom Pricing Lists and List of Authorized Dealers.
 - If purchasing from a Statewide Contract participating in COSTARS, print pages that include the pricing for the commodity or service you are purchasing from.
- Attach these printed documents to your purchase order and keep it with your files.

For a tutorial on how to search and view COSTARS contracts on the website, refer to: <http://eniesrwd01.state.pa.us/gm/folder-1.11.88786?mode=EU&originalContext=1.11.88754>.

COSTARS

"MUSIC TO MY EARS"

TOP COSTARS USERS SPEAK OUT

By Bruce Beardsley, COSTARS Marketing Manager

Whenever **State College Borough's** Director of Purchasing hears that a supplier is part of the COSTARS cooperative purchasing program, "It's like music to my ears." That's because, according to Ernest Dabiero, who's been doing the purchasing for the borough for 32 years, "COSTARS streamlines the entire purchasing process, while saving the borough money and maximizing staff time. The online portal is easy to use and I'm very pleased with the pricing. It would cost us about \$300 to place an ad in our local newspaper, which we would have to do twice, plus staff and legal time to go through the formal bidding process. And I'm confident the COSTARS pricing is better than what we could get by bidding!"

State College Borough is a home rule municipality located almost exactly in the middle of the state and is the home of The Pennsylvania State University. During fiscal year 2014-15, State College Borough was the number one user of COSTARS among all boroughs. It uses a wide array of COSTARS' and statewide contracts and last year did business with 27 different COSTARS suppliers. Dabiero offers some friendly advice for his colleagues in other municipalities. "COSTARS should be the number one tool in your procurement tool box!"

PinnacleHealth is the leading healthcare and hospital system in central Pennsylvania and was the top COSTARS user among non-profit health organizations last year. Their Director of Strategic Sourcing James Brennan signed up for COSTARS in 2010 as an "extension" to their use of national Group Purchasing Organizations (GPOs) in order to try to use more local suppliers. He has found that COSTARS pricing is often better than the national GPO contracts. Pinnacle uses COSTARS primarily for "tech services", electrical supplies, and road salt. He recommends that other health non-profits "should take a look at COSTARS. It's a very good program and since there is no membership fee the ROI (Return on Investment) is infinite!"

Central Bucks School District has been the largest user of COSTARS among school districts for the past two years. "COSTARS helps relieve a lot of cumbersome work," according to Purchasing Manager Juliet Meehan. "We're a large district, but we only have a two-person purchasing department. The COSTARS vendors are fantastic and the program is fantastic." Those remarks are echoed by the district's Director of Operations, Scott Kennedy. "The prices are good; vendors provide value-added services and we avoid the time and expense of formal bidding. The school board is real comfortable and I would urge school districts which don't heavily use the program to look into it."

The Central Bucks school administration recognized the value of the program right away and has been a member since the program began in 2005. They use COSTARS contracts for IT hardware, office, janitorial, laboratory, and electrical supplies, recreation equipment, vehicles, and furniture. They "piggy-back" off of statewide contracts for road salt, surveillance and security equipment, heavy-duty power equipment, and auto parts.



It's That Time of Year Again!

By Claire Osborne, COSTARS Marketing Manager

It's time to start planning ahead and reserve your road salt for next winter by signing up for the 2016-17 Pennsylvania Statewide Sodium Chloride contract. Please take a moment to review the Participation Guidelines published in the COSTARS Members Area Newsflash.

To sign up, members must complete the 2016-17 Salt Contract Participation Agreement which can be accessed by selecting the orange bar at the top of the COSTARS Members Area as of Jan. 4, 2016. If you have not accessed your COSTARS member account since July 2013, you must create a new user ID and password to complete the Salt Contract Participation Agreement. Please note, the COSTARS system uses a shared login portal with other Pennsylvania state government systems. If you have accessed other state government functions using the Pennsylvania Login, those same credentials should log you into the COSTARS system. If necessary, you can select the link to User Registration on the left side of the Members page and follow the instructions provided to create a new User ID and password. Because contracts are awarded by county, members who request road salt for different delivery locations in multiple counties will have to complete a User Registration and Salt Contract Participation Agreement for each county. The enrollment deadline is March 15, 2016.

The Participation Agreement is a simple one-page form that can be completed and submitted electronically. After March 16, the Department of General Services will put the Sodium Chloride Contract out to bid, and the awarded contract(s) will be posted in early August. The salt is guaranteed to meet PennDOT requirements which allows municipalities to use Liquid Fuel Funds.

It is important to note that the Salt Contract Participation Agreement is legally binding, but participants are only obligated to purchase 60 percent of their total tons required and can 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.

This year, the Salt Quantity Details Section of the Salt Request Form is changed as follows:

- A member will now enter **Initial Tons Required** (defined as the estimated amount of salt required from Aug. 1 to Oct. 31 to replenish/fill stockpiles in advance of the winter season) and **Winter Tons Required** (defined as the amount of salt required after Nov. 1).
- The **Initial Tons Required** plus the **Winter Tons Required** will equal the **Total Tons Required** (defined as the total amount of salt required for the whole winter season).
- The **Total Tons Required** field will auto-populate when you submit the form.

As a general reminder, members are highly encouraged to replenish or fill their stockpiles during the Initial Fill period. This practice allows suppliers to better plan and anticipate member requirements and will help to ensure members are better prepared for the winter season to cut down on last minute or just-in-time orders. However, if the member does not order the estimated **Initial Tons Required** by Oct. 31, those tons will still be available to the member through the end of the contract period.

These changes have been implemented to assist members and suppliers in working together toward the goal of a successful winter season.

Salt Quantity Details		
* Stockpile Capacity	<input type="text" value="200"/> Tons	
* 2016-2017 Initial Tons Required	<input type="text" value="200"/> Tons	Total Tons Required: 600 Tons
* Winter Tons Required	<input type="text" value="400"/> Tons	
2015-2016 Previous Year Initial Tons: Tons		Previous Year Total Tons: 600 Tons
Previous Year Winter Tons: Tons		

Note: Minimum delivery=22 Tons (1 truckload)

COSTARS Adds Assembly/Installation/Construction Services

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Prior to this policy change, if public members wished to purchase items such as carpet, roofing materials or a surveillance system, and they required the material to be professionally installed, and the total purchase was in excess of the bidding threshold, they were prohibited from using the COSTARS program. Now, they may!

COSTARS sent notice to all members on Nov. 16 and to affected suppliers as their contracts were amended explaining the change.

Awarded COSTARS-authorized suppliers must revise their contract(s) if they wish to offer this service in conjunction with the products offered under their contract, so members who wish to include this service in their purchase should review a specific supplier's contract through the COSTARS website to ensure that the supplier is authorized to offer this service under their contract.

For a tutorial on how to Search COSTARS Exclusive Contracts, refer to:

<http://eniesrwa01.state.pa.us/gm/folder-1.11.88786?mode=EU&originalContext=1.11.88754>.

For further information, refer to the COSTARS website at www.costars.state.pa.us, or send an email to GS-PACostars@pa.gov, or call 1-866-768-7827.

Other COSTARS Contract Changes

- COSTARS-1 title and scope were clarified to include Copiers, Document Imaging and Multifunction Devices.
- Several product categories were clarified in COSTARS-8 Maintenance, Repair & Operation Equipment & Supplies ("MRO") making it more explicit that the scope of the contract covered supplies, equipment, parts and accessories.
- Sports Turf has returned as a product category in COSTARS-14 Recreational & Fitness Equipment.
- The scope of COSTARS-18 LED Traffic Signal Modules and/or Housings now includes Traffic Signal Parts & Accessories (approved on PennDOT Bulletin 15).

Extra Rebate for Fleet Card Holders

By Bruce Beardsley, COSTARS Marketing Manager

For the nearly 700 COSTARS members who participate in the Commonwealth of Pennsylvania Fleet Card Program, your potential rebate just got a whole lot sweeter! In addition to the \$383,955.83 in rebates members received in October for Fiscal Year (FY) 2014-15, Wright Express Financial Services Corporation (WEX), the awarded supplier on statewide contract #4400009775, is offering an additional 25 cents per gallon New Year's bonus rebate.



The rebate will be paid on every gallon purchased at a Sunoco dealer from Jan. 1, 2016 to March 31, 2016 that exceeds the total number of Sunoco gallons that were purchased by the member during the same time span in 2015. The rebate will be credited to the customer's April 2016 account invoice.

The Universal Fleet Card is accepted by 90 percent of U.S. retail fuel locations, including all national gasoline brands plus Pennsylvania-based stations such as Rutter's, Sheetz, Turkey Hill, Royal Farms and Giant. From Jan. 1, 2015 to March 31, 2015, COSTARS members purchased 2,049,065 gallons of gasoline through the program, of which 558,525 were purchased at Sunoco stations. Even if there was no additional gasoline used, if participating COSTARS members shifted their purchases to Sunoco stations, the potential additional rebate to COSTARS members would be \$372,635!

The fleet card offers COSTARS members powerful tools including tighter purchasing controls, custom reports, automatic tax elimination from billings, extra convenience and cash flow efficiencies, and a potential 1.9 percent rebate. WEX has even developed an "app" that shows nearby participating stations and their listed prices.

Pennsylvania fleet cards are free to apply for and there are no restrictions on the number of cardholders that may participate. Applications are available online at www.wexinc.com/fleet/government-fleets. For additional questions, contact WEX Customer Service at 1-866-747-4440.



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>

and our Twitter page at <https://twitter.com/COSTARSNews>.



Bidding Thresholds Unchanged for 2016

Each year the Department of Labor and Industry is required to publish changes to the municipal authority and municipality public bidding thresholds (the amounts triggering the requirement for public bids, telephonic bids or separate bids, or both, for certain contracts), based on an annual inflation adjustment according to the Consumer Price Index (CPI). The CPI inflation measure for the 12-month period ending Sept. 30, 2015 was zero; therefore, the bidding thresholds remain unchanged:

- Purchases and contracts below \$10,500 require no formal bidding or written/telephonic quotations.
- Purchases and contracts between \$10,500 and \$19,400 require three written/telephonic quotations.
- Purchases and contracts over \$19,400 require formal bidding.

**The bidding thresholds also apply to school districts.*

COSTARS Connection



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Further information on the COSTARS program is available by phone at 1-866-768-7827 or by visiting the COSTARS website at www.costars.state.pa.us.

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