



Purchasing \$ense

Princeton University's Purchasing E-Newsletter



2004 & 2005 NPI Awards

Welcome

The Purchasing Department presents this e-newsletter to the Princeton University community with the goal of providing timely and effective information to assist you with your procurement needs. We welcome any comments or suggestions for future articles.

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Surplus Charitable Donation Project

With the renovation of several dormitories underway this summer, the Purchasing Department has established a new contract with The Institution Recycling Network (www.ir-network.com) to assist Facilities and Bohrens with the disposition of surplus dorm furniture. In addition to the environmental and social benefits, there are economic advantages in donating surplus property rather than recycling or disposing it.

An evaluation of donation, recycling and disposal costs reveals that donation is the least expensive method for surplus management. Although each project is different, in most cases, donation is 20% - 30% less expensive than disposal, and 10%-15% less expensive than recycling. In Princeton's case, this new contract will result in an approximate 17% cost savings in disposal costs for this project.

The Institution Recycling Network (IRN) has teamed with numerous charitable relief organizations, homeless shelters, and housing authorities. These partnerships allow them to use this surplus property to furnish schools, hospitals, clinics, and residences in the US and abroad. Particularly in the aftermath of the New Orleans and Caribbean hurricanes, and the South Asia tsunami, there is a demand for usable surplus items.



Surplus dorm furniture being loaded for donation to Romanian orphanages.

In 2005, the IRN handled over 60 projects for 41 institutions, resulting in the donation of over two million pounds – more than 200 container loads – of educational and medical surplus. Princeton University is pleased to join in this effort and expects to channel over 70 tons and/or 1,800 pieces of dorm furniture through this new pilot program.

The University's Surplus Program is managed by the Purchasing Department to support the prudent stewardship of surplus property by reusing quality surplus items on campus prior to considering the purchase of new items and properly facilitating the sale, donation or disposal of equipment.

In fiscal year 2005, the Surplus Program's activities included: donations of 1,117 items to various approved charitable organizations, and 1,637 items transferred to University departments. For more information on this project, contact the Purchasing Department.

Science Fair

The Purchasing Department coordinated a Science Fair on Tuesday, April 25th from 10:00 AM – 2:00 PM in the Multipurpose Room in the Frist Campus Center. Over 25 science-related product vendors were represented and over 500 campus users attended the scientific vendor fair.

Prepayments

It is not recommended to prepay for goods or services, especially for goods or services of a high dollar value or ones that require installation or set-up work. Prepaying in some instances may remove the incentive or leverage to get a vendor to ultimately perform their obligation. If it is essential that the vendor receive a portion of the purchase price in advance, Purchasing recommends that no more than 20% be paid in advance. "Receiving" on the purchase signifies acceptance and will initiate payment after the goods or services have been deemed acceptable by the end user.

Adequate Lead Time

To ensure University purchases are made in accordance with Federal, State and University policy, lead time is essential. Generally, Purchasing will approve and dispatch orders within three business days. However, the larger the order, the more lead-time will be required for approval. Bid specifications must be developed and vendors must be given adequate time to respond to the RFQs. Do not fall prey to the pressure of end-of-quarter sales tactics and/or special promotions!

Bid Threshold

Bids should be solicited whenever the items can be purchased from multiple sources to promote competitive bidding. Quotations, either verbal or written, are recommended for requirements totaling up to \$2,499 in value. A minimum of at least three written quotations for requirements totaling \$2,500 or more is required under University policy. Those items considered sole/single source or proprietary must be properly justified. All pricing and other information furnished by the vendor during the competitive bidding process must remain confidential. Purchasing has a commitment to provide support for small business concerns of all types, and to ensure that the University includes the maximum practical number of small businesses in the competitive bidding process to comply with federal reporting requirements.

Terms and Conditions

Individual purchase transactions in excess of \$25,000 require special attention. Since these transactions are of a high dollar value and importance, Purchasing works with vendors to obtain acceptance of Princeton University's standard purchasing terms and conditions in advance of the issuance of a purchase order. In most cases, obtaining vendor acceptance after the vendor received the order often results in significant delays. However, vendors are generally more apt to respond in a timely fashion if they know the order will be held until they respond.

Purchasing Facts

Each year, Purchasing manages:

- Over 40,000 purchase orders ~ \$80 million
- Over 50,000 e-transactions ~ \$7 million
- Over 50,000 p-card transactions ~ \$9 million
- Over 400 contracts ~ \$2 million in cost savings
- Over 5,000 capital assets tagged and tracked on campus
- Over 18,000 items handled through surplus

New Contracts

- Best Western Princeton (*Local Hotel Rates*)
- Brodart (*Library Supplies / Furniture*)
- Chimney Sweeps (*Chimney Service*)
- Hedberg Maps (*Campus Maps*)
- Institution Recycling Network (*Surplus Recycling*)
- Jersey Boiler (*CoGen Boiler Repairs*)
- Panera Catering (*On-Site Catering - credit cards accepted & 10% off orders over \$100*)
- UGI Energy (*Natural Gas & Electric*)

Upcoming Events

- Capital Inventory, *Summer 2006*
- ShoeMobile, *October 21, 2006*
- Princeton University's Annual Vendor Fair, *October 31, 2006*

Purchasing \$en\$e is a publication of the Princeton University Purchasing Department, P.O. Box 33, Princeton, NJ 08544



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