

# LOCAL FINANCE NOTICE

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## PROCUREMENT LAW CLARIFICATION GSA/FSS REPROGRAPHICS CONTRACT BID EXCEPTION

Over the last few months, the Division has received questions from contracting units and vendors regarding the purchase of reprographic equipment under contracts issued by the federal General Services Administration (GSA) Federal Supply Schedule (FSS). This Notice provides guidance to contracting units considering use of the GSA/FSS exception.

The Local Public Contracts Law, N.J.S.A. 40A:11-12(b), and the Public School Contracts Law, N.J.S.A. 18A:18A-10(b), both provide an exception from public bidding when these contracts are used, subject to the rules adopted by the State Director of Purchase and Property, N.J.A.C. 17:12-1A.5. **Contracting units planning to take advantage of this bid exception should review these statutes and regulations prior to entering into a contract with a vendor.**

The questions directed to the Division concern the basic authority for using the general exception that the Federal Supply Schedule may be used only for purchases of up to \$500,000 per year or for one product unit at any price. More specifically, they concern the phrase "purchases of up to \$500,000" and its use in leasing, as opposed to outright purchasing, and the meaning of the term "product unit." None of the statutory or regulatory provisions address these questions.

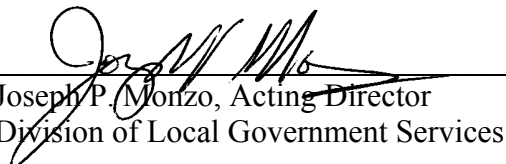
In reviewing the relevant statutes and regulations, the Division has concluded that the \$500,000 limit relates to the amount expended by a contracting unit in a given fiscal year, regardless if it is for lease payments, which are limited to five years, or for purchases. Leases are limited to five years pursuant to each contracting law.

The Division has concluded that the term "product unit" is intended to include complex reprographic equipment that includes:

1. A basic unit and any additional components that are designed or configured to work together and not designed or configured to operate independently of each other;
2. Reprographic equipment installed in one location where the operation of such equipment is controlled and staffed by only vendor trained employees of the contracting unit, or assigned by vendor; and
3. Equipment that is purchased at the same time as part of a single purchase or a single piece of equipment.

All of these requirements must be satisfied, and cannot be considered separately in order to use the exception.

Copies of the referenced rules and statutes can be found on the Local Agency Procurement Law website at [www.nj.gov/dca/lgs/lpcl](http://www.nj.gov/dca/lgs/lpcl). Questions concerning this Notice can be e-mailed to [lpcl@dca.state.nj.us](mailto:lpcl@dca.state.nj.us).

  
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