

EXHIBIT F – RFP Section 2 and 3

STATE OF COLORADO



REQUEST FOR PROPOSAL (RFP) and RESPONSE COVER SHEET

Date:	05/23/14, Friday	RFP Number:	RFP-CM-14-003
Submit Proposal to:	State of Colorado Department of Personnel & Administration Division of Finance and Procurement State Purchasing Office 1525 Sherman Street, 3 rd Floor Denver, CO 80203	Sourcing Specialist:	Cheri Miller

TITLE: Maintenance, Repairs and Operations (MRO) – Facility Supplies and Equipment – For Statewide Use

Per the attached specifications, terms and conditions.

Section 2 – Background and Overview

2.1 Background.

The **State Purchasing Office** in the Colorado Department of Personnel & Administration, Division of Finance and Procurement, contracts for vendor goods and services to be provided to Colorado State Agencies, Institutions of Higher Education, Political Subdivisions, eligible Non-profit Organizations, and other authorized entities across the State, border-to-border.

Historically, **maintenance, repairs, and operations supplies and equipment for facilities** through the current awarded price agreements generates over \$11 million in annual spend (see below); which is based on sales reported by contracted Vendors. Additional spend is generated through non-contracted vendors and may account for an additional \$5 million annually. This high-volume customer base enables the State to negotiate exceptional rates and benefits. Any volume information (spend or quantity) provided by the State are estimated figures only and are intended to assist potential Vendors in understanding the scope of the State's category needs. The State does not obligate itself to any or all quantities indicated.

Goals: Achieve border-to-border coverage of services through a process that enables regional awards and allows regional subcontracting for any or all product categories. It is intended to encourage Colorado businesses to participate and invites all companies this opportunity to submit a proposal.

Current Purchasing Profile: The table below represents the spend in Fiscal Year 2013 for all Ordering Entities that made purchases using the State Price Agreements under the categories of Industrial Supplies and Equipment; Janitorial Supplies; and Disposable Paper, Plastic Liners, and Food Service Supplies. The expenditures reflect past usage and may fluctuate up or down. The State does not guarantee future spending at these levels.

<u>Category</u>	<u>Title</u>	
1	Air Filters and Filter Media	\$ 443,349
2	Hand Tools, Power Tools and Accessories	\$ 160,644
3	Lamps, Ballasts and Fixtures	\$ 1,809,190
4	Electrical	\$ 84,663
5	Heating, Venting, Air Conditioning/Refrigeration (HVAC)	\$ 141,792
6	Plumbing	\$ 34,065
7	Janitorial/Cleaning	\$ 7,000,482
8	General	\$ 762,684
9	Food Service Supplies	\$ 843,915

Totaling \$11,280,784 in annual purchases (discounted sales).

2.2 Overview

The **State Purchasing Office** is requesting proposals from responsible Vendors to establish price agreements for nine (9) categories of **MRO supplies and equipment for facilities** that will fulfill the needs for all eligible Ordering Entities within the State and covering one or more of seven (7) regions. It is the State's business decision to determine if the level of service, categories, and regions warrant an award. As a result of this RFP, the State intends to award multiple "Price Agreement" contracts. A Price Agreement, by its nature, is indefinite in its size and value. It does not determine a specific quantity, time, or place, for the State's ordering practices; it does establish terms and conditions and a list of identified maximum prices for all applicable **MRO supplies and equipment** that are covered under an awarded contract. Ordering Entities will place orders for goods through "Delivery Orders" (i.e. orders, purchase orders, etc.) that are based on the pricing in the Price Agreement's terms and conditions.

The following objectives are intended to be the result of this process: (1) comprehensive, competitively solicited contract offering MRO supplies and equipment, (2) providing services to participating departments and agencies statewide; (3) exceptional customer service; (4) sustainable product offerings and business practices that have minimal environmental impact; (5) the achievement of substantial cost savings in product and administrative/overhead costs through the aggregation of the State's requirements; and (6) a **MRO** supply contract and price structure that is clear, consistent, transparent, and fair.

The State may award all or part of this RFP based on the best interests of the State and reserves the right to award to multiple Vendors. To maximize chances of success in this process, Vendors are encouraged to provide an aggressive response to this RFP.

Section 3 - Statement of Work

An awarded Vendor shall provide goods to eligible Ordering Entities within the terms and conditions as stated below.

3.1 Minimum Specification for Response.

Vendor must demonstrate its ability to perform according to the terms of this RFP. Vendors must have **experience for a minimum of two years** in providing these types of commodities. The State may require additional information of the apparent successful Vendors to determine their ability to perform. This information may include, but is not limited to, previous experience of company; years in business; quality and condition of equipment; financial condition; references as to size and scope of work done within the last two (2) years. In its response, the Vendor shall describe its company's experience that meets the qualification of having been in business for at least two (2) years, providing MRO type of goods and related services.

3.2 Subcontracting/Partnering.

Subcontracting and/or partnering is allowed so that a Vendor can engage subcontractor(s) to provide goods and services which can expand the service coverage area. If an awarded Vendor engages a subcontractor to provide goods and services to an Ordering Entity, the Vendor is legally liable for its engaged subcontractor. The Vendor is responsible to manage its subcontractor(s) utilized in the performance of a resulting contract and ensure its subcontractor(s) also complies with the terms, conditions, and commitments of an awarded contract. Therefore, the awarded Vendor must establish a formal, written contract with its subcontractor(s). All invoicing for services rendered to an Ordering Entity shall be by the awarded Vendor through its standard invoicing documents and process. Payments for goods purchased shall be made to the awarded Vendor. Compensation by the awarded Vendor to its subcontractor(s) shall be by its internal accounting.

The State reserves the right to disqualify a subcontractor selected by the awarded Vendor, based on the State's past experience with the subcontractor. The Vendor must disclose in writing all subcontractors it intends to engage or does engage for the purpose of providing services to the State. The Vendor shall disclose in its proposal the subcontractor(s) it intends to utilize by company name; address; name, title, and phone number of the primary contact. If awarded a contract, the Vendor is required to send such notification to the State via email within three (3) days of engaging a subcontractor.

3.3 Service Regions.

There are seven (7) regions throughout the State that may receive supplies. A Vendor may submit a proposal for one or more of the seven (7) regions noted below. A Vendor must provide MRO supplies and equipment to ALL counties within a specific region. Vendors are to complete **Tab 1 Regions in Attachment 3, Vendor Response Worksheet.**

- Region 1 - Denver Metro Area
- Region 2 - South Central
- Region 3 - North Central
- Region 4 - West Central
- Region 5 - Northwestern
- Region 6 - Southwestern
- Region 7 - Southeastern.

3.4 Product Categories.

This RFP includes nine (9) product categories within the “umbrella category” of **MRO supplies and equipment for facilities.** A Vendor may submit a proposal for one or more of the nine (9) categories noted below.

<u>Category</u>	<u>Title</u>
1	Air Filters and Filter Media
2	Hand Tools, Power Tools and Accessories
3	Lamps, Ballasts and Fixtures
4	Electrical
5	Heating, Venting, Air Conditioning/Refrigeration (HVAC)
6	Plumbing
7	Janitorial/Cleaning
8	General: Includes batteries and flashlights; fasteners; material handling; motors, pumps and accessories; outdoor gardening supplies and equipment; paint and supplies; pneumatics, hydraulics and accessories; safety supplies; security supplies; testing/measuring instruments; and welding, soldering and accessories.
9	Food Service Supplies.

Products and Equipment: All products and equipment must be provided as new, no remanufactured is allowed. Remanufactured is defined as the process of disassembling products known to be worn, defective or discarded that can be reused or brought up to OEM specification by cleaning, repairing or replacing in a manufacturing environment and then reassembled to sound working condition, and tested; and offered as ready for a second life, performing as new.

3.5 Ordering and Delivery.

Ordering: The State desires to purchase **MRO Supplies and Equipment** through various methods such as via telephone, email, FAX, on-line, or in-store with various delivery options. Vendors shall detail in their proposal how customers will be able to receive contract pricing when making in-store purchases. Vendors are expected to have an established business process to enable Ordering Entities to easily set up an account. Preference may be given for Vendors who can offer the ability to set up and maintain internally hosted catalogs (i.e. list of items and unit pricing) and/or punch-out catalogs. The State has the right to implement catalogs in a phased approach. While Ordering Entities are encouraged to use a Vendor’s electronic or telephonic ordering methods to reduce visits to the Vendor’s stores; the final choice is a business decision by the Ordering Entity. The Vendor is expected to accept payment with procurement cards (credit cards) for orders in addition to other payment methods such as issued checks and/or electronic funds transfers (EFT).

Note: a Vendor is NOT expected to have a store front or warehouse located in Colorado; however, such a facility is considered a “value added” feature. A Vendor is requested to list the number and locations of stores and warehouses it maintains in Colorado; and its employee headcount within Colorado.

Stock and Special Order Products: The State desires to contract Vendors who can satisfy the State’s MRO needs with exceptional, pricing and customer service. Product pricing shall be set for a defined period of time and at “ceiling pricing” for a single unit. Factors such as quantity, frequency of orders, or vendor offered promotions may enable further discounts to pricing and would be negotiated with the Ordering Entity at the time the order is placed.

Stock Products: There shall be no additional cost for delivery, return, or any other services for stock goods.

Special Orders: Special ordered goods may incur additional costs which the Vendor must disclose at the time the order is placed and agreed to by the Ordering Entity.

Return Policy: There will be instances when an Ordering Entity will have to return a product. The Vendor is asked to describe its return policy.

Delivery: Delivery, whether by company vehicle or third party carrier, is expected within 2 business days after receipt of an order for stock items. For special order items, a delivery is expected within seven (7) business days, upon Ordering Entity agreeing to Vendor's notification of expected delivery time. **All delivered orders are freight on board (FOB) destination.**

A variation of delivery methods exists as each Ordering Entity has its own preference. This may include dock or desktop delivery and may include agency reception areas and floors inside State Buildings, or school delivery docks, city government front office, etc. The Vendor shall describe its proposal for a least-cost delivery solution to all locations.

- **Section Recap**: The Vendor is to describe in detail its customer ordering capabilities for optimal customer access and fulfillment for all of the elements above. Vendor is to describe its ability to set up and maintain internally hosted catalogs and/or punch-out catalogs. Describe how customers will be able to receive contract pricing when making in-store purchases. Vendor shall describe its solution for ordering and delivery of stock, special order products, and its return items policy.

3.6 Environmentally Preferable Purchasing.

Vendors are to review the **State's Environmentally Preferable Purchasing (EPP) Policy, Exhibit E**. The Vendor is expected to provide a solution that supports the State's EPP Policy, identifies and provides Green products in addition to its standard inventory. "Green" is determined by third party certification or registration (no self-certification), such as industry accepted entities like Energy Star, LEED, EPA, Green Seal, etc. The Vendor shall describe in detail how its company supports the State's EPP Policy. If applicable, narrate ability to identify comparable Green products when ordering on-line and in-store. Proposals will be evaluated based on Vendor's ability to support the State's EPP Policy.

3.7 Points of Contact and Hours of Operation

Point of Contact – Contract: Vendor will designate a single representative to serve as the central point of contact for the State account. At a minimum, the Vendor's contact person must be available Monday-Friday, 8 a.m. to 5 p.m. (MT). The Vendor shall provide contract representative's name, title, phone number, and email address.

Point of Contact – Services: Vendor will designate a single representative to serve as the central point of contact for day-to-day customer services. This person is responsible for the overall relationship between Vendor (and its subcontractors, if applicable) and the State, and may be involved in high-level activities, such as account reviews. At a minimum, the Vendor's contact person must be available Monday-Friday, 8 a.m. to 5 p.m. (MT). The Vendor shall provide services contact representative's name, title, phone number, and email address.

Hours of Operation: At a minimum, Vendor services are expected to be provided during the following work hours: Monday through Friday, 8:00 a.m. to 5:00 p.m. (Mountain Time). It is preferable the Vendor have a 24 hour a day/ 7 days a week ("24/7") emergency contact number. Answering services, pagers and/or answering machines are not an acceptable means of communication for awarded Vendors. The Vendor shall describe in detail its solution for optimal customer access.

3.8 Transition Plan.

Many Ordering Entities using current price agreements will have to transition from their current accounts to the new Vendors awarded as a result of this RFP. The Vendor shall describe in detail how its company will handle the transition from existing agreements (i.e. new account set-up, transfer of existing accounts, etc.) and how it can assist in making the transition smooth and timely.

3.9 Employee Purchase Program.

This is NOT a mandatory element in the Vendor's proposal. It is a "value added" element. There are programs that enable government employees (state or local) to purchase vendor products at a discounted rate. If offered, Vendor shall describe its program in outline and in detail. Employee qualification and verification are the Vendor's responsibility.

3.10 Value-Added or Optional Programs.

This is NOT a mandatory element in the Vendor's proposal. However, the intent is to enable Vendors to offer other buyer incentives where using that Vendor is advantageous.

If Vendor has any additional benefits/programs to offer the State (i.e. delivery incentives, discount programs, etc.), the Vendor will be asked to describe in detail and outline them. If the Vendor has any additional benefits/programs to offer the State, Vendor shall describe them in outline and detail. Note: pricing or cost discounts/incentives are to be shown in the Cost/Pricing Proposal.

3.11 Administration of Resulting Contract.

Reporting: If awarded a contract, the SPO requires a dollar volume quarterly report that indicates aggregate totals for all the Ordering Entities (i.e. State Agencies, Institutions of Higher Education, Political Subdivisions, and eligible Non-Profits). The reports required are a Summary report with supporting detailed sales information. A sample of a Summary report is attached as **Sample Summary Quarterly Volume Report, Exhibit D**. (See **Sample Model Contract, Exhibit C** for additional information.) Vendor shall describe in detail how it will handle customer accounts for the purpose of collecting the data needed for quarterly reporting of dollar volume for all the Ordering Entities. Vendor is to provide a sample of a report that would meet the reporting needs.

Administrative Fee: The State of Colorado is authorized by statute to collect a fee for the administration of the resulting contract. The administrative fee is one percent (1%) of the total purchases made by all Colorado Ordering Entities. Vendor may adjust the unit pricing listed in its proposal response to include the State's administration fee by adding the fee to the price for the goods that would be billed on its invoice to Ordering Entities (the administrative fee shall not be listed as a separate line item on the invoice.) Any pricing and discount level provided in the Vendor's proposal must include this fee. Payment of the administrative fee is made on a quarterly basis. (See **Sample Model Contract, Exhibit C** for additional information.)

Contract Term: The resulting State awards from this solicitation will be an initial term ending 6/30/2015 and four 1-year renewal options for a maximum term of five (5) years, at the sole discretion of the State.

Confidential and/or Sensitive Information: An awarded Vendor will come into contact with confidential information contained in the records and/or files of the State and Ordering Entities in the performance of its obligations under any resulting contract. Such records and information shall be kept confidential, secure and in compliance with all laws and regulations. The Vendor shall notify its employees that they are subject to the confidentiality requirements before its employee is permitted access to confidential data. The Vendor shall provide and maintain a secure environment that ensures data confidentiality. The confidentiality of all information will be respected and no confidential information shall be distributed or sold to any third party nor used by the Vendor or its assignees and/or retained in any files or otherwise by the Vendor. Disclosure of such information may be cause for legal action and defense of any such action shall be the sole responsibility of the Vendor.

Point of Contact After Award: If awarded a contract, Vendor inquiries regarding the price agreement are to be directed to the Sourcing Specialist at the State Purchasing Office managing the price agreement. Further, questions regarding orders are to be directed to the appropriate Ordering Entity as indicated on orders/purchase orders.

3.12 Cost Proposal – Pricing. (Submit separately from the Technical Proposal portion, refer to **Section 4.3**.) Proposals submitted will be valid for and Market Basket pricing held for the first 12 months of a resulting award. Pricing must include all delivery, shipping, service costs associated with the product, as well as the Administrative Fee addressed in **Section 3.11**. Estimated proposal prices are not acceptable and pricing must be in United States funds. Any costs not included as part of the proposal will be disallowed. Non-Market Basket discount percentages may not decrease in the first 12 month period and not more than 5% during the term of the of the contract.

Price Increases: Vendor may amend pricing once in each 12-month period thereafter the initial term of the contract. Vendor shall request any price increase in writing to the SPO at least 60 days prior to the anticipated increase, and such request shall justify the increase by describing verifiable Vendor cost increases. Such requests shall contain complete documentation, and cost justifications may be based on Producer Price Index, Consumer Price Index, or similar industry pricing guides. Such price changes must be accepted by the SPO and become effective by amendment to the awarded contract.

MSRP Pricing or "List Pricing": MSRP pricing will be identified by the manufacturer's catalog effecting discounts and will establish a baseline of pricing. In the event MSRP pricing is increased it will be held to no more than a 5% increase during a 12-month period and the State reserves the right to accept the change. Exceptions to MSRP price increases may be considered due to extraordinary events or force majeure.

Price Decreases: Vendor shall pass any price decreases immediately on to Ordering Entities.

Vendor Discount Structure and Market Baskets Pricing. Currently, the State has many separate contracts for **MRO Supplies and Equipment**. The goal is to address Ordering Entity needs with focused lists of Market Basket items for each category, which represent the most cost-effective and highest use items. For needs beyond the Market Basket, the State expects a highly competitive net price utilizing a discount from Vendor's List Price on all the different product categories in its proposal.

Non-Market Basket Discount Structure: In addition to the Market Basket, the Vendor must provide a discount structure reflecting its discount off List Price percentage for each category for non-market basket items. The Vendor shall identify the discount for items that are not included in the Market Basket but are offered by the Vendor for other items within that category. Pricing must include all delivery, shipping, service, and administrative costs associated with the product. (Vendor to complete **Tab 3, Non-Market Basket Discounts in Attachment 3.**)

Market Basket Pricing. The Vendor shall complete the **Market Baskets by Category in Attachment 3, Vendor Response Worksheet** for those categories the Vendor will provide supplies and equipment.

Each Market Basket represents an item makeup representative of past usage and item preference for that category. Market Baskets include our best estimate of the highest use and most essential items. The included products represent a viable set of standardized products which should account for a high percentage of spend. Any brand name items in the Market Baskets may be substituted with items equal to or better than the item listed. Vendors are required to individually price Market Basket items in this RFP. In order to be considered responsive, a Vendor must provide pricing for one or multiple Market Baskets. The Vendor must also provide the discount off List Price percentage that the price represents for each item in the Market Basket. Pricing must include all delivery, shipping, service, and administrative costs associated with the product.

Vendor must provide pricing for at least 50% of the items on the Market Basket (MB), and discount percentages for 100% of the items on the Non-Market Basket (Non-MB) in one category or multiple categories to be considered complete and responsive. Margin floor responses are not allowed. For this RFP, Vendors are required to individually price Market Basket items and show the percentage of discount off list pricing for each Non-Market Basket category. Products to be submitted at a minimum of "good" quality level; however, Vendor may submit offered items at "better" and "best" levels of quality with an explanation on the merits of the offering. Products may be submitted as Vendor's "house brand" with an explanation of the merits of the offering. Note: the use of a brand name is for the purpose of describing the standard of quality, performance, and characteristics desired and does not limit or restrict competition. Product equivalency is at the sole determination of the State. Vendors may provide an alternative manufacturer and SKU number equal to or better than product shown in the Market Basket. Pricing must include all delivery, shipping, service, and administrative costs associated with the product.

Vendors will propose supplies in the unit(s) of measure indicated on the Market Basket worksheet. If a minimum order quantity is required, respond in the appropriate column (i.e. requested price is "EACH", though product is ordered in case quantities.)

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