

ADDENDUM NO. 10

State of Florida
Department of Management Services

INVITATION TO NEGOTIATE (ITN) No. 618-001-10-1
Office and Educational Consumables
August 3, 2010

Please Note: This Addendum No. 10 does not need to be returned with the Response.

1.2 Scope

The language below replaces Section 1.2 Scope.

The scope of products for this Office and Educational Consumables solicitation are described in the table below. The Product Categories listed in the column "Covered by another statewide agreement" refers to categories covered by another State Term Contract, Alternate Contract Source, or State Purchasing Agreement. Respondents may exclude, but are not required to exclude, the items included in the column "Covered by another statewide agreement" from their product catalog. State agency users are encouraged to use the existing State Term Contracts for these items, but Eligible Users are permitted to purchase these items from the resulting Office and Educational Consumables contract. All users are encouraged to compare statewide agreements for best pricing.

In Scope	Covered by another statewide agreement
<ul style="list-style-type: none"> ▪ Office Consumables ▪ Educational Consumables ▪ Art Consumables ▪ Paper (fewer than 10 cartons per order) ▪ Envelopes ▪ Toner (OEM and Remanufactured) ▪ IT Peripherals ▪ Office Equipment 	<ul style="list-style-type: none"> ▪ IT Hardware / Software ▪ Printers ▪ Copiers ▪ Bulk Paper (10 or more cartons per order) ▪ Furniture ▪ Safety Supplies ▪ Cleaning Products ▪ Lab Supplies

Examples of Product Categories contained in the scope of this solicitation are included in the table below. The table below is not meant to provide a comprehensive list of in scope items; it describes the most common types of items (Product Sub-Categories) contained within each Product Category. Please note that calendar related items will be replaced yearly with the next calendar year's version within the same product category. The Department and the Contractor during the contract period may mutually agree to align any missing or new Product Sub-Categories or services into the Product Categories listed below. The Department may use the S.P. Richards Product Categories as a point of reference during this process.

Product Category	Product Sub-Categories
Consumables	<ul style="list-style-type: none"> • Adhesives, Glues, Gluesticks, Adhesive Removers • Appointment Books, Phone Message Books, Statement Books, Fax Message Books, While You Were Out Books, Forms, Dictionaries, Thesaurus, Diaries, Tickets, Reference Sets • Archive Boxes, Cardboard Boxes, Storage Containers • Award Frames, Displays, Plaques, Certificates • Badges, Badge Holders, Lanyards • Batteries, Chargers, • Binder Clips, Paper Clips, Panel Clips, Pushpins, Thumbtacks, Safety Pins, Rubber bands, Scissors, Shears, Cutters, Trimmers, Hole Punches (non-electric) • Book Cases, Book Ends, Book Shelves • Bulletin Boards, Cork Boards, Easels, Easel Pads, Poster Boards

Product Category	Product Sub-Categories
	<ul style="list-style-type: none"> • Calculator Ink, Calculator Spools, Adding Machine Tape, Cash Register Tape • Calendars, Desk pads, Refills, Planners • Camera Film, Photo Paper • Chair mats • Clocks, Hooks, Lamps • Correction Fluid, Correction Tape, Correction Pens • Envelopes • Erasers, Dry-Erase Erasers, Chalk, Crayons • Ink Pads, Refills, Stamps • Labels, Label Holders • Mailing Tubes, Mailing Tubs, CD Mailers, Packaging, Fingertips, Letter Openers, Moistener • Markers, Highlighters • Notebooks, Notepads, Pads of Paper, Post it NotesOffice Organizers, Inboxes, Copyholders, Pen and Pencil Holders, Wastebaskets, Drawers, Desktop Shelves, Shredder bags, Extension Cords • Pencils, Pencil Erasers, Lead Refills, Pencil Sharpeners, Pens, Pen Refills • Protractors, Rulers, Yardsticks, Compasses, Engineer Triangles • Index Cards, Business Cards, Card Holders, Tags, Sheet Protectors, Letters, Numbers, Fasteners, Fastener Bases, Clipboards, Flag Tape • Science, Art and Teaching Supplies • Signs, Sign Holder, Flyer Holders, Racks, Literature Displays, Name Plates • Staplers, Staples, Staple Removers • Tape, Tape Dispensers, Embossing Tape, Velcro Products • Transparency Film, Transparency Paper, Laminating Supplies, Laminating Pouches
Breakroom & Cleaning Supplies	<ul style="list-style-type: none"> • Coffee, Condiments, Food, Beverages • Cups, Spoons, Forks, Plates, Bowls • Dusters, Air Dusters, Computer Dust-off, All Wipes, Lysol, Clorox, Hand Soaps, Hand Sanitizers, Windex, Air Freshener, Dust Pans, Cleaning Supplies • Gloves • Knives, Cutters, Blades, Scrapers • Safety Supplies • Tissues and Towels • Wastebasket Bags
Folders, Binders & Accessories	<ul style="list-style-type: none"> • Binders, Combs, Rings, Spines • Files, File Folders, Pocket Files, Portfolios, Jackets, Inserts, Folder Frames, Dividers, Wallet Files, File Guides, Report Covers, • File Indexes, Tabs, Ledgers, Tab Reinforcement
Paper - Other	<ul style="list-style-type: none"> • Art Paper, Construction Paper, Crepe Paper • Colored Paper • Computer Paper • Specialty Paper
Paper - 20# White (Recycled and Virgin)	<ul style="list-style-type: none"> • 20#, White Copy Paper, minimum 92 bright (recycled and virgin)
Toner	<ul style="list-style-type: none"> • Ribbons • Toners, Cartridges, Fusers, Kits, Drums, and Related Accessories (OEM and Remanufactured)
IT Peripherals	<ul style="list-style-type: none"> • CDs, DVDs, Cassette Tapes, Tape Cartridges, CD and DVD Cases, CD and DVD Storage, VHS Tapes, Computer Disks and Diskettes, Computer Bags and Cases, Mouse, Keyboards, Keyboard Pads, Mouse pads, Camera Bags, Camera Cases • Headsets, Headset Accessories, Headphones • IT Hardware / Software • Surge Protectors, UPS Power Supply

Product Category	Product Sub-Categories
Equipment	<ul style="list-style-type: none"> • USB Drives, Flash Memory, Zip Disks • Calculators • Carts, Hand trucks • Digital Voice Recorders • Fans, Heaters • Furniture • Hole Punches (electric) • Label Makers • Laminators • Printers • Shredders • Typewriters

3.2 Use of S. P. Richards

The language below replaces Section 3.2 Use of S.P. Richards.

The Department is using Quarter 1, 2010 S.P. Richards' retail list price as a consistent reference point for pricing analysis and comparison across Respondents during this solicitation and will use S. P. Richards' retail list price to provide a mechanism to manage pricing throughout the contract period. S.P. Richards' Quarter 3, 2010 retail price list will be used to establish the list prices for the effective date of the contract through Quarter 4 2010. Beginning Quarter 1 2011, S.P. Richards' published quarterly list prices will be used to update contract pricing for non-generic items, where available. This does not mean that a Respondent must use S.P. Richards as their wholesaler. For the items contained in the Core Items and Generic Core Items worksheet, Respondents shall submit discounts off of the Quarter 1 2010 List Price by provided Product Category.

Respondents are required to submit with their response an electronic copy of their complete product list that they intend to provide Customers under the awarded contract. This product list will not be used in the evaluation of the Respondent's Proposal. This price list will serve as the Contractor's catalog and list prices until Quarter 1 2011 of the awarded contract. Respondents must indicate the Quarter 3 2010 S.P. Richards' list price for all products. Where there is no S.P. Richards' list price available (i.e., a product is not available through S.P. Richards), the product manufacturer's MSRP shall be listed. If the item is a generic item (e.g., private label), then the Respondent is considered the product manufacturer and the Respondent's established, reasonable list price shall be listed.

5.1 Punch-out Catalog and Electronic Invoicing

The language below replaces Section 5.1 Punch-out Catalog and Electronic Invoicing, Paragraph 4.

For the purposes of this section, the Contractor warrants and represents that it is authorized and empowered to and hereby grants the State and the third party provider of MFMP, a State Contractor, but only to the extent such third party provider of MFMP is working directly on behalf of the State a non-exclusive, non-transferable, limited license to use, reproduce, transmit, distribute, and publicly display within the MFMP the Contractor's punch-out catalog-site. In addition, the Contractor warrants and represents that it is authorized and empowered to and hereby grants the State and the third party provider, but only to the extent such third party provider of MFMP is working directly on behalf of the State, a non-exclusive, non-transferable, limited license to reproduce and display within the MFMP the Contractor's trademarks, service marks, logos, trade dress, or other branding designation of Contractor that identifies the products made available by the Contractor under the Contract.

5.5 Performance Assurance

The sentence below is added to Section 5.5 Performance Assurance last updated in Addendum No. 5 to include clarification that this performance assurance applies to standard contract orders and not special orders.

Contractors are required to meet performance standards for Delivery Timing, Order Accuracy, Order Completeness/Fill and Price Accuracy on standard contract orders only. Special/custom orders can be excluded from the calculations of these performance standards.

5.6 Liability Insurance and Worker's Compensation

The language below replaces Section 5.6 Liability Insurance and Worker's Compensation.

During the Contract term, the Contractor at its sole expense shall provide commercial insurance of such a type and with such terms and limits as may be reasonably associated with the Contract, which, as a minimum, shall be: workers' compensation and employer's liability insurance per Florida statutory limits (currently \$100,000 per accident, \$100,000 per person, and \$500,000 policy aggregate) covering all employees engaged in any Contract work; commercial general liability coverage on an occurrence basis in the minimum amount of \$500,000 (defense cost shall be in excess of the limit of liability), naming the State as an additional insured as its interest may appear; and automobile liability insurance covering all vehicles, owned or otherwise, used in the Contract work, with minimum combined limits of \$500,000, including hired and non-owned liability, and \$5,000 medical payment. Providing and maintaining adequate insurance coverage is a material obligation of the Contractor and is of the essence of the Contract. Upon request, the Contractor shall provide certificate of insurance. The Contract shall not limit the types of insurance Contractor may desire to obtain or be required to obtain by law. The limits of coverage under each policy maintained by the Contractor shall not be interpreted as limiting the Contractor's liability and obligations under the Contract. All insurance policies shall be through insurers authorized to write policies in Florida.

5.11 Price Changes.

The language below replaces Section 5.11 Price Changes.

The discount proposed for each Product Category of Core Items, Non-Core Items, Generic Core Items, and Generic Non-Core Items shall remain the same throughout the contract period unless the vendor offers additional volume discounts as outlined in their Best and Final Offer Pricing Proposal. Respondents are required to submit with their response an electronic copy of their complete product list that they intend to provide Customers under any awarded contract. The product list must include Quarter 3 2010 S.P. Richards' list price for products where available. Where there is no S.P. Richards' list price available, the product manufacturer's MSRP shall be listed. If the item is a generic item (e.g., private label), then the Respondent is considered the product manufacturer and their established, reasonable list price shall be listed.

The list prices contained on this initial product list along with the final awarded discount % off list price for Core Items, Non-Core Items, Generic Core Items, and Generic Non-Core Items will be held fixed until January 21st 2011. The discount proposed for each category shall remain the same throughout the term of the contract and all renewal options. All pricing must be verifiable and auditable from the effective date of the contract.

Starting with Q1 2011, January 2011, Contractors shall submit quarterly to the Department for approval an updated product list with list prices that reflect any updates to S.P. Richards' list prices, or product manufacturers' list prices if S. P. Richards is not available, or the Contractor's list price for generic items. Contractors shall submit updated price lists with requested list price increases and decreases to the Contract Administrator on a quarterly basis by January 1, April 1, July 1, and October 1 of each calendar year. The Department shall have at least 15 days to review and approve or deny the requested list price update forms and may request supporting documentation for any price changes. Once approved, the Contractor shall update all systems to reflect the list price increases and decreases by the 21st of the first month in the quarter. There will be no retroactive price increases allowed.

5.12 Non-Core Items Revised, Contract Anniversary Pricing (Non-Core to Core Discount)

The language below replaces Section 5.12 Non-Core Items Revised, Contract Anniversary Pricing (Non-Core to Core Discount).

Upon each anniversary of the effective date of the contract, the Department will calculate the aggregate spend of all non-generic items across all Contractors. Non-generic items that have aggregated sales of \$10,000 or more that are not already on the Core Items list will be added to the Core Items list for all Contractors. Existing Core Items that do not meet the minimum

threshold of \$10,000 will be removed from the Core Items list. If a Contractor does not carry an item designated on the new Core Item list in their full line catalog, the Contractor is not required to provide this item under the contract.

5.14 Best Pricing Comparison

The language below replaces Section 5.14 Best Pricing Comparison.

Contractor represents that the Customer's pricing under this contract as offered for its aggregate spend with Contractor during the prior twelve month period is less than the annual aggregate spend under any other state, regional or local government contract or public sector national or multi-state cooperative agreement or program held by the Contractor ("Comparison Contract"). For purposes of this Best Pricing Offer, "Comparison Contract" is defined as a contract that does not exceed 120% of the annual aggregate spend of this contract with Contractor and has substantially similar items or services that are purchased under similar terms and conditions to this contract. If during the term of this contract, Contractor becomes aware that its pricing for Customer's aggregate spend under this contract with Contractor is higher than it would be under a Comparison Contract, the pricing structure of the Comparison Contract will be offered to the Customer. If during the term of this contract the Customer becomes aware of or has a concern that its pricing for Customer's aggregate spend with Contractor under this contract is higher than it would be under a Comparison Contract, the Customer may request an aggregate price comparison analysis of this contract against the Comparison Contract.

5.16 Preferred Price

A new section is added to Section 5.0 as Section 5.16 Preferred Price with the language below.

The Contractor agrees to submit at least annually an affidavit from an authorized representative attesting that the Contractor is in compliance with the preferred pricing provision in Section 5.14.

5.17 Contractor Termination for Convenience

Section 5.17 Contractor Termination for Convenience is hereby added.

The Contractor, with 12 months advanced written notice to the Department, may terminate their Contract in whole or in part when the Contractor determines in its sole discretion that it is in the Contractor's interest to do so.

5.18 Third Party Audits and Reporting Requirements

A new section is added to Section 5.0 as Section 5.18 with the language below.

The Contractor shall obtain a third party firm at no additional cost to the State to conduct external price audits on this contract. The Contractor shall contract with a third party firm (to be approved by the Department) to conduct a monthly random sampling (a minimum of 570 items per month) of contract items to confirm the accuracy of list price, discount % and net price. Specifically, the third party firm will confirm the prices displayed on the Contractor's website are equal to or less than the contract terms. The third party firm shall provide a monthly report to the Department indicating the Price Accuracy Rate (Price Accuracy Rate = the number of audited items each month where the net price (calculated by multiplying the list price by 1 minus the discount % for that product category) is equal to or less than the contract price (calculated by multiplying the list price, outlined in Section 3.2, by 1 minus the discount % for that product category) divided by the number of audited items). Also, at a minimum, the monthly report will identify items not in compliance with the contract terms, provide the date of the audit, and screenshots of the Contractor's on-line catalog of all items in the random sample that were not in compliance with the contract terms.

The Contractor shall also Contract with a third party firm (to be approved by the Department) to conduct an annual (on each anniversary of the contract effective date) sampling of Customer invoices (a minimum of 600 customer invoices for the 12 month period) to confirm accuracy of list prices and discount %, and that net prices of invoiced items are equal to or less than the contract terms. Specifically, the third party firm will confirm the price charged to the Customer is equal to or less than the contract terms during that time period. The third party firm shall provide an annual report to the Department indicating the Price Accuracy Rate (Price Accuracy Rate = the number

of audited items each year where the net price (calculated by multiplying the list price by 1 minus the discount % for that product category) is equal to or less than the contract price (calculated by multiplying the list price, outlined in Section 3.2, by 1 minus the discount % for that product category) divided by the number of audited items). Also, at a minimum, the annual report will include copies of the invoices in the random sample that were not in compliance with the contract terms.

5.19 Volume Discounts

A new section is added to Section 5.0 as Section 5.19 with the language below.

On each anniversary of the contract effective date, the Department will evaluate the total Contractor reported sales for the previous 12 month period. The Department will then review the Contractor's proposed volume discount table submitted in their best and final offer to determine if any additional volume discounts need to be added to their contracted discount percentages for all Product Categories for the next 12 month period. This may include lowering or removing volume discount percentages based on the Contractor's reported sales for the previous 12 month period and the Contractor's proposed volume discount schedule. Updated prices reflecting volume discount changes shall be effective 21 dates after each anniversary of the contract effective date.

6.3.1 Qualification Question – Mandatory Requirement Question #2

The table below replaces Qualification Question #2 in its entirety. The Department has revised the Service Level Agreement definition of Price Accuracy below.

Q2. Do you agree to maintain the following service level agreements measured on a monthly basis:

- Delivery Timing - Maintain on-time delivery rate of 95% or greater. On-time delivery will be defined as delivery of order within two (2) business days of placement of order. This SLA supersedes Section 4.11 Transportation and Delivery of the General Conditions.
- Order Accuracy - Maintain order accuracy rate of 98% or greater. Order Accuracy rate is defined as "the number of items delivered as ordered divided by the total number of items ordered."
- Order Completeness / Fill - Provide order fill rate of 95% or greater. Order Fill rate is defined as a number of items on an order filled completely as ordered divided by to the total number of lines on an order."
- Backorder Fill - Ship backorders within five (5) calendar days of original order, unless special circumstances apply. The following information about the backorder(s) may be requested by the Customer or the Department: item name and product ID, reason for shortage, and plan of action (when delivery may be expected or suggested replacement).
- Price Accuracy - Maintain a price accuracy rate of 99.5% or greater. Price Accuracy is defined as the number of audited items each month where the net price (calculated by multiplying the list price by 1 minus the discount % for that product category) is equal to or less than the contract price (calculated by multiplying the list price, outlined in Section 3.2, by 1 minus the discount % for that product category).

6.4.2 Respondents Offering Regional Coverage:

The following sentence is added to Section 6.4.2 Respondents Offering Regional Coverage.

Respondents offering regional coverage will be limited to delivering to Customers with ship-to addresses in the region(s) proposed.

Failure to file a protest within the time prescribed in Section 120.57(3), Florida Statutes, or failure to post the bond or other security required by law within the time allowed for filing a bond shall constitute a waiver of proceedings under Chapter 120, Florida Statutes.