

COMMONWEALTH OF VIRGINIA
DIVISION OF PURCHASES AND SUPPLY
1111 E. BROAD STREET
P.O. BOX 1199
RICHMOND, VIRGINIA 23218-1199

NOTICE OF CONTRACT AWARD

Date: January 9, 2012	
CONTRACT NUMBER: E194-1377	The Contract Number <u>must</u> be shown on all purchase orders placed against this contract. Purchase orders must be placed through eVA to maximum extent possible.
Mailing Machines, Accessories, & Supplies	Contract Term: January 20, 2012 - December 31, 2014

Contract Period: January 20, 2012 through December 31, 2014 - Supersedes E194-232VP

NOTICE TO ALL STATE AGENCIES: This contract for mailing machines systems, accessories, and supplies. It is the result of a competitive bid program and its use is **Mandatory**.

This contract is open for Optional use for other public bodies.

NIGP Commodity Codes: 98554 - Mailing Equipment Including Postage Meter Rental
 60071 - Mailing, Packaging, and Shipping Machines
 60080 - Postage Meter Supplies

Contractor:

Pitney Bowes (eVA ID. E3217)	Contact: Eric Schmude
11551 Nuckols Rd. Suite E	Contact Phone: 804-496-6912
Glen Allen, VA 23059	Contact Fax: 203-460-9653
	Contact Email: eric.schmude@pb.com

VIEW AND PRINT THIS CONTRACT AND ANY CHANGES AT: www.eva.virginia.gov

Note: This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, § 2.2-4343.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

Chris A. Nichols
Chris A. Nichols, CPPB, VCO
Statewide Contract Officer
Telephone: 804-786-3857
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AUTHORIZED USERSSTATE AGENCIES AND ALL PUBLIC BODIES
TERMSSmall Purchase Credit Card or Net 30
DELIVERY 21 Days ARO
F.O.B. Destination
MINIMUM ORDER No Minimum

Note to State Agencies. State Mail Services (SMS) is a unit of the Department of General Services that operates courier routes to agencies throughout the Richmond metropolitan area to deliver and collect USPS and inter-agency mail.

Agencies in the Richmond Metro area that want to enter into a new 36 month rental, renew a rental, or purchase a postal system should consult with SMS prior to making a commitment. SMS can assist with determining if SMS services can meet the agency’s need or help with determining what equipment and service is appropriate for the mail volume.

e-mail: StateMail@dgs.virginia.gov

SMS Point of Contact Jeanne Castleberry - State Mail Manager (804) 236-3594

Agencies are not required to replace existing mailing equipment just because the new contract has been awarded, as long as the equipment meets agency needs and conforms to current postal regulations.

For previous contract equipment purchase orders currently in midterm of a 12 month lease, be aware that the new contract does not include 12 month rentals. Agencies should complete any current 36 month lease provided the equipment continues to meet agency requirements and postal regulations or terminate the purchase and pay penalties according to the terms of the contract the lease is under. Rental agreements under the previous contract may be cancelled upon a 30 day written notice, without penalty, if agency funding is withdrawn or for mailing equipment nonperformance.

Replacements for existing mailing equipment must be rented or purchased through the new mailing equipment contracts.

If the commodity or services available under this contract cannot be used by an agency, a request to purchase other goods or services of a similar nature shall be submitted to DGS/DPS for approval. A complete and factual written justification is necessary to support the request. The Procurement Exemption Form can be found in Annex 13.D of the Agency Procurement and Surplus Property Manual.

This contract is for **complete mail processing systems, (not for components)**. Users of this contract should perform an analysis before selecting equipment from one of the eight (8) different levels to determine which most closely meets the agency’s need. Levels were awarded by “Purchase” equipment or “36 month rental”.

A price comparison should be performed to determine whether an agency should rent or purchase. Users should consider the cost of equipment and the cost of supplies when deciding which equipment to purchase.

Consumable supplies and scale options listed in this contract are also mandatory use.

Specifications are included with each level of equipment awarded with the manufacturer's model numbers and pricing for the corresponding level. Pricing is based on either outright purchase cost or 36 months rental. Additional information is listed below that is common to all Levels of equipment.

The end user should confirm their entity's payment plan with the vendor in advance, and specify the billing frequency and method of payment on the issued purchase order.

INSTRUCTIONS TO BUYERS

1. **Orders.** Unless otherwise instructed by the Division of Purchases and Supply, all departments, institutions and agencies of the Commonwealth of Virginia must order items listed by issuing purchase orders through eVA.
2. This contract is authorized for use by State Agencies, Institutions, localities, Virginia cities, counties, towns and political subdivisions and they must order through eVA to the maximum extent possible.
3. **Purchase orders must show the applicable contract number,** federal employer identification number (FEI), and item number (for itemized contracts), NIGP code, the length of the purchase order term, and payment terms, i.e. monthly, quarterly, annually.
4. Inspection on delivery and approval of vendor's invoice is the responsibility of receiving entity.
5. Any complaint as to quality, faulty or delinquent delivery, or violation of contract provisions by contractor shall be reported to the Division of Purchases and Supply for handling with the contractor. Form (DGS-41-024 revision 06-2008), by which to facilitate the notification of the contractor and this office of complaints, can be found under the buyer tab on the www.eVA.virginia.gov website.
6. **Renewals.** This is a three (3) year term contract with three (3), one-year renewal options remaining. The decision as to whether to exercise the next renewal option will be made by the contract officer approximately four to six months in advance of the expiration date of the current term.
7. **Price Adjustments.** See below **Contract Highlights.** The contract officer makes the decision to allow or deny a request for increase based upon the documentation submitted by the contractor. The contractor is required to pass on any price reductions immediately. **IMPORTANT!** All price increases must be approved by the contract officer. A **Notice of Contract Change** from this office and posted on the State Contract Web page under this contract will serve as official notification of such changes, if approved.

CONTRACT HIGHLIGHTS

ACQUISITION PLANS:

A. DEFINITIONS OF THE ACQUISITION PLANS:

This contract includes three (3) different acquisition Plans.

1. **Outright Purchase** - is a single payment for a unit with ownership of the unit being conveyed to the buyer with the exception of the postage meter.
2. **Thirty-six Month Rental** is for use of equipment for thirty-six (36) months with title remaining with the Contractor. (Paragraph C below)

3. **ADDITIONAL RENTAL PROVISIONS** is for use of equipment for thirty-six (36) months with title remaining with the Contractor
 1. **Thirty-six Month Rental - Remanufactured Equipment** (paragraph D below)
 2. **Extension of 36 Month Rental Order** (paragraph E below)

Installment Purchase is NOT an acquisition plan covered under this program; however, recognizing that some authorized users may have a need to finance their outright purchases, the following applies:

Installment Purchase is an amortized time payment plan with interest included in the scheduled payments. State agencies are required to conform to Treasury Board Regulations for Credit Purchases by State Agencies and Institutions when financing purchase of \$10,000 or more. These regulations contain procedures for utilization of the Treasury Board's financing program. The regulations also allow and provide procedures for agencies to obtain alternative financing. Accordingly, State agencies are required to consult and communicate with Treasury Board staff for consideration of the Treasury Board's program and/or to ensure compliance with procedures for obtaining alternative financing sources. The telephone number is (804) 225-2142.

B. OUTRIGHT PURCHASE PROVISIONS:

Purchase orders for outright purchases to include one year warranty; full service maintenance for year two and full service maintenance for year three, rate change insurance for a three year period, meter resets, and rental of postage meter for a three year period, will be initiated by state agencies or public bodies authorized to use the contract (authorized users). Authorized users may issue a purchase order for full maintenance.

1. Risk of Loss or Damage: The Commonwealth shall be relieved from risks of loss or damage to all mailing machines during the period of time the machines are in transit or in possession of the Commonwealth up to and including the date of acceptance by the Commonwealth. After the date of acceptance, the risk of loss or damage shall be borne by the Commonwealth.
2. Warranty, Maintenance, and Repairs: The Contractor shall provide a warranty for the entire work against defective materials, workmanship, and performance, excluding vandalism, for one year minimum (if longer periods are commercially available, provide in the electronic response or on the paper solicitation response the warranty period with the associated model identification) from the date of acceptance of the installation. The Contractor shall then continue (if ordered) this complete warranty with two (2) additional one-year periods of complete maintenance and preventive maintenance for the entire work against defective materials, workmanship, and performance, excluding vandalism. The Contractor hereby agrees to furnish without cost to the Commonwealth of Virginia, all labor, materials, and transportation both ways for replacement of all parts and materials that are found defective during the warranty and maintenance periods. Warranty and maintenance response (call back to a call for service) shall be made within 4 hours on Agency Mail Room working days. Warranty repairs shall be made within one Agency Mail Room working day after notification.

C. RENTAL PROVISIONS:

Purchase orders for 36 months rental of mailing machines will be initiated by state agencies or public bodies authorized to use the contract (authorized users). Authorized users will rent at the monthly rental rate plus the monthly rental rate of optional scales. The manufacturer's rental

agreement shall not be used since this contract and the authorized users' purchase order will constitute the complete agreement.

The monthly rate for mailing machines rented under the 36 month rental acquisition plans shall include full maintenance (maintenance is defined in paragraph B.2 above).

1. Risk of Loss or Damage: The Commonwealth shall be relieved from risks of loss or damage to all mailing machines during rented during the period of transportation, installation, and during the entire time the equipment is in the possession of the Commonwealth, except when loss of damage is due to fault or negligence of the Commonwealth.
2. The purchasing office will notify the using agencies and contractor in writing and on the State Contracts website of the effective date of any increase which it approves. The contractor shall fill all orders received prior to the effective date of the price adjustment at the old contract prices.

The Contractor is further advised that decreases which affect the cost of materials are required to be communicated immediately to the purchasing office.

3. Term: Rental agreements established by issuance of a purchase order shall be effective on the date the machine(s) is accepted, ready for use, and shall continue for the 36 month rental period except future fiscal years are subject to availability of appropriated funds.
4. Cancellation of Rental Units by the Purchasing Agency:

36 month rental agreements may be canceled at the end of the rental period or by issuance of a 30 day written notice. If the agreement is terminated prior to the conclusion of the rental period the termination charge will be assessed on a sliding scale as follows:

- a. Within The First Year: If the rental agreement is canceled anytime within the first year, the termination charge shall be equal to 6 months' rental.
- b. Within The Second Year: If the rental agreement is canceled anytime within the second year, then the termination charge shall be equal to 3 months' rental.
- c. Within the Third Year: If the rental agreement is canceled anytime within the third year, then the termination charge shall be equal to 1 month's rental.

36 month rental agreements may be canceled upon issuance of a 30 day written notice without penalty under one or more of the following conditions:

- a. funding is withdrawn
- b. mailing machine nonperformance

D. ADDITIONAL RENTAL PROVISION:

REMANUFACTURED EQUIPMENT RENTAL ONLY

Remanufactured Equipment may not be offered for sale.

Pitney Bowes offers for 36 month rental Remanufactured Equipment that is certified by the Manufacturer. **The offered equipment must meet the specifications for each level as described in Attachment A, Specifications.** A catalog price list/schedule and a percentage discount from catalog

price list/schedule for equipment that will be available as certified remanufactured. Contractor shall be able to provide maintenance for the term that includes all service, labor, software maintenance, and parts. If for any reason a Contractor is not able to provide maintenance (including parts), the Contractor will provide, entirely at their expense, a replacement piece of equipment and/or software that has the equal or greater performance and functionality along with the maintenance for the equipment for the duration of the original three (3) year maintenance period (including maintenance on the replacement equipment) at no additional charge. All Remanufactured Equipment shall be clearly labeled as Remanufactured equipment. All terms, conditions, and requirements of the contract continue to apply.

Authorized users will rent at the discounted monthly rental rate plus the monthly rental rate of optional scales.

The manufacturer's rental agreement shall not be used since this contract and the authorized users' purchase order will constitute the complete agreement.

E. ADDITIONAL RENTAL PROVISION:

EXTENSION OF 36 RENTAL ORDER: At the end of the 36 month rental period the authorized user of this contract may elect to keep their current equipment beyond the original 36 month rental period. The contractor shall provide a quote to the end user for a discount from the third year rental prices for the mail equipment and scales. Meter rental price will remain at the third year contract rate. If the discount is agreeable to the authorized user a new purchase order or a change order to the current purchase order may be issued for additional one-year period(s) with the discount re-negotiated for each one-year period. The equipment shall be covered by full service maintenance as in years one through three. If the equipment becomes a maintenance issue for the user, then the purchase order or purchase order extension may be terminated at the agency's request and at no cost to the agency. The agency may then issue a purchase order for rental of new equipment or remanufactured equipment at the current contract rate.

The manufacturer's rental agreement shall not be used since this contract and the authorized users' purchase order will constitute the complete agreement.

Additional Specifications Applicable to All Contractors

- A. Work **shall** consist of providing all materials, labor, supervision, tools, equipment, and incidentals necessary to furnish, install (set-in-place), render operational, and provide training for the rental or purchase (with the exception of the postage meter which cannot be purchased) of mail processing systems. The work for all performance levels **shall** include renewable rate- change insurance for the United States Postal Service (USPS) and any other carrier included
- B. With the exception of the postage meter, which must be digital technology models, which are allowed by the USPS® beyond 2008, all equipment shall be new and of current manufacture. (See exceptions above in Acquisition Plans, paragraphs **D. & E. ADDITIONAL RENTAL PROVISION.**) New equipment used to demonstrate capabilities during the bid review process will be considered as new.
- C. Any work that would require a Virginia Contractor's License will be performed by the ordering agency.
- D. The Contractor shall plan and coordinate the performance of the work with the ordering agency's representative to minimize disruption of agency personnel and to complete work in an orderly and expeditious manner. The Contractor shall notify the agency's representative at least five calendar days prior to beginning work.

- E. Work shall be performed by competent technicians familiar with the specific equipment. The Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the work.
- F. The Contractor shall perform the described work in accordance with the manufacturer's recommendations and these specifications. The Contractor shall provide all incidental items necessary to provide a completely operational system. All installation debris shall be picked up and lawfully disposed of off State property at the conclusion of each work day.
- G. Any damage to existing utilities, equipment, or finished surfaces resulting from this installation shall be repaired to the agency representatives' satisfaction by the Contractor and the Contractor's expense.
- H. At the conclusion of the work, the Contractor shall demonstrate to the agency's representative that the work is fully operational and in compliance with these specifications and codes. Any deficiencies shall be promptly and permanently corrected by the Contractor at the Contractor's sole expense prior to final acceptance of the work.
- I. All materials, equipment, and installation work shall meet these specifications; the United States Postal Service (USPS®) Publication 25, July 2003, Designing Letter and Reply Mail; the Virginia OSHA Standards; and the Virginia Uniform Statewide Building Codes.
- J. Postage meters shall meet these specifications and shall be Information Based Indicia (IBI) compliant and shall use Postage Security Device (PSD) technology in the system.

All Level Systems Shall Provide:

1. All mail over 13 ounces zone rated by delivery zip code (Zip to Zone Conversion) as required by the USPS®.
2. All mail processing systems and accessories meeting the energy saving guidelines of Energy Star.

END OF DOCUMENT