

# NOTICE of RENEWAL

Changes made with  
renewal noted in RED



November 22, 2010

Contract Number - **E194-232-VP**

**Term Contract: Mailing Machines, and Accessories**

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**Contract Period:** **December 1, 2010** through **September 30, 2011**

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**Authorized Users:** Commonwealth of Virginia agencies and other public bodies.

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

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**Contractor:**

Pitney Bowes

11551 Nuckols Rd. Suite E

Glen Allen, VA 23059

FIN# 06 0495050

Contact: Eric Schmude

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VIEW AND PRINT THIS CONTRACT AND ANY CHANGES AT: [www.eva.virginia.gov](http://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.

A handwritten signature in cursive script that reads "Kim Hatala".

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Kim Hatala, CPPB, VCO  
Statewide Contract Officer  
Telephone: 804-786-3849  
Fax: 804-786-0223

## NOTICE of RENEWAL

COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF GENERAL SERVICES  
DIVISION OF PURCHASES AND SUPPLY  
1111 East Broad Street, 6<sup>th</sup> Floor  
P.O. BOX 1199  
RICHMOND, VIRGINIA 23218-1199

AUTHORIZED USERS ..... STATE AGENCIES AND ALL PUBLIC BODIES  
TERMS ..... Net 30  
DELIVERY ..... 21 Days ARO  
F.O.B..... Destination  
MINIMUM ORDER ..... One System

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

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. Thirteen levels of equipment were solicited in the IFB and some levels, where exact same equipment was bid, have been combined. Some levels were awarded to two (2) vendors.

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

Consumable supplies and optional scales are listed in this contract but were not part of the evaluation process. Pricing for consumable supplies and optional scales will be administered under the same price escalation de-escalation clause as the equipment.

Consumable supplies may be purchased from other sources unless use of manufacturer's consumable product is required to maintain the warranty.

The contractors' user guides are provided on this website so you may review the capabilities of the equipment that is available.

Specifications are included for 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 12 months rental, or 36 months rental. Additional Specifications are listed below that are 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 on the issued purchase order.**

## NOTICE of RENEWAL

### 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 in eVA or through their own system which interfaces with eVA.
2. This contract is authorized for use by localities, Virginia cities, counties, towns and political subdivisions and they may order through eVA or use their own form to order items listed in this contract.
3. Purchase orders **must** show the applicable contract number, federal employer identification number (FEI), and item number (for itemized contracts) NIGP code and the length of the purchase order term if a 12 months or 36 months rental.
4. Inspection on delivery and approval of vendor's invoice is the responsibility of receiving state agency, Virginia city, county, town or political subdivision.
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), by which to facilitate the notification of the contractor and this office of complaints, can be found in the APSPM Annex 10-H.
6. Renewals. **No renewal options remain.**
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** – This is a single payment for a unit with ownership of the unit being conveyed to the buyer with the exception of the postage meter. **Mandatory for State Agencies.**
2. **Twelve (12) Month Rental** –Mandatory for State Agencies.
3. **Thirty-six (36) Month Rental** – Mandatory for State Agencies.

Rental is a contract for use of the equipment for 12 or 36 months with title remaining with the Contractor.

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4. Installment Purchase is NOT an acquisition plan covered under this IFB Program, however, recognizing that some authorized users may have a need to finance their outright purchases, and the following will apply:

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) 225-4929.

### B. **OUTRIGHT PURCHASE PROVISIONS:**

Purchase orders for outright purchases 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 is 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 will be borne by the Commonwealth.
2. Renewal of Meter Rental and/or Maintenance: Prices for equipment and additional features will remain at a firm fixed price for 2 years (24 months).
3. Price Escalation/De-Escalation: Prices for equipment and additional features will remain at a firm fixed price for 2 years (24 months).
4. 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 a separate submittal document annotating the warranty period and 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.
5. Cancellation of Contract (Meter Rental & Maintenance): The Ordering Agency/Public entity reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon 60 days written notice to the Contractor. In the event the initial contract period is for more than 12 months, the resulting contract may be terminated by either party, without penalty, after the initial 12 months of the contract period upon 60 days written notice to the other party. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.

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### C. RENTAL PROVISIONS:

Purchase orders for rental (12, or 36 months) 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 rental rate which *includes the scale bid by the contractor*. The rate for any other scale required is included on the price page for 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 rates for mailing machines rented under the 12- and 36-month rental acquisition plans shall include 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 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. Price Escalation/De-Escalation: No price increases will be authorized for 365 calendar days after the effective date of the contract. Price escalation may be permitted only at the end of this period and each 365 days thereafter and only where verified to the satisfaction of the purchasing office. However, "across the board" price decreases are subject to implementation at any time and shall be immediately conveyed to the Commonwealth.

The contractor shall fill all orders received prior to the effective date of the price adjustment at the old contract prices.

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 rental period selected by the authorized user except future fiscal years are subject to availability of appropriated funds.
4. Cancellation Of Rental Units By the Purchasing Agency:

12 month rental agreements may be canceled at the end of the rental period or by issuance of a 30 day written notice.

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 4 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.

*12 and 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

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### 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 will be allowed by the USPS beyond 2008, all equipment **shall** be new and of current manufacture.
- C. Each level contains three purchase/rental choice with the following life cycle cost (LCC) criteria:
- D. Any work that would require a Virginia Contractor's License **will** be performed by the ordering agency.
- E. 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.
- F. 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.
- G. 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.
- H. 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.
- I. 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.
- J. 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.

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K. 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.

### II. Miscellaneous Instructions:

A. The systems and equipment **shall** be suitable for the purpose intended and shall meet or exceed the dimensions, quality, features, functions and performance.

**III. Equipment Specifications:** The products awarded meet or exceed the specified dimensions, quality, features, functions and performance:

#### A. Basic requirement:

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 guideline of Energy Star®