

## APPENDIX J – SERVICE/OPERATIONAL REQUIREMENTS

*(as of June 19, 2020)*

Offeror shall provide, dedicate, purchase and/or lease all equipment and resources in support of the services identified herein, except where identified otherwise.

Offeror's performance with regard to service/operational requirements will be measured by and held accountable through Key Performance Indicators and Service Levels identified in Appendix P.

Any and all automation solutions and significant changes to Offeror's standard operating procedures must be reviewed with and approved by the PLCB in advance of implementation of such solutions and/or changes.

### 1. Service Days/Times and Holidays

- a. Typical business operations anticipate pick and pack operations Sunday through Friday and receipts Monday through Saturday. Special circumstances may necessitate work on non-standard days and/or hours.
- b. Offeror is expected to deliver Monday through Friday with the option for Saturday and Sunday deliveries at the PLCB's request.
- c. Offeror will not be expected to operate on the following holidays: New Year's Day, Easter Sunday Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and Christmas Day.

### 2. Inventory Management

PLCB alcohol merchandise is manufactured in a variety of sizes and packaging. Package types include various sizes (50 mL to 20 gallons) of alcohol merchandise in packaging consisting of glass, plastic, aluminum cans, tetra packs, bladders within cartons (boxed wine/spirits) and specialized custom packaging (wooden boxes, holiday packages, plastic buckets, etc). Most merchandise is shipped to PLCB in sealed cardboard cases. Canned and boxed wine may be shipped on shrink wrapped trays.

Non-alcohol merchandise stored in the warehouse includes full-size barrels, consumer magazines, printers, rock salt, toilet paper, bags (single-use plastic, paper sleeves, totes, gift) and accessories such as corkscrews, glassware, barware, mixers and garnishes.

- a. Inventory in the warehouse will consist of both PLCB-owned (non-bailment) and supplier-owned (bailment) alcohol merchandise. Offeror operational requirements and responsibilities are the same for bailment and non-bailment inventory.
- b. Offeror shall maintain and provide accurate detailed inventory records including **quantities received and shipped, inventory on hand, damaged and lost products**. Offeror shall maintain a perpetual record of inventory by item.
- c. Offeror must provide an associate knowledgeable with inventory control functions.

d. Inventory Counts

- i. *Quarterly Cycle Counts.* All items and locations in the warehouse, including empty locations, must be cycle counted at least once per quarter as part of regular operations. Expiration dates must be captured for all fresh-dated product. Commonwealth personnel must be granted access and permission to witness such cycle counts. The PLCB may share results of the cycle counts with bailment vendors. The Offeror WMS system will be the system of record for cycle count data.
- ii. *Vendor Inventories.* Offeror must provide reasonable access to vendors to allow them to count their merchandise. The PLCB will require any supplier or vendor requiring a physical count to provide adequate notice. Such inventories will be billed by the Offeror to the PLCB.
- iii. *PLCB Full Physical Inventories:* Offeror will furnish the necessary employees and equipment to enable the Commonwealth or its designated third-party to conduct at least one full physical inventory per year, to be scheduled minimizing operational impact. Offeror and PLCB will agree on an estimated cost, which will be billed by the Offeror to the PLCB. PLCB may share the results of this inventory with bailment vendors. Each full physical inventory will require verifying the item and quantity in all locations set up in the WMS; utilizing the WMS to execute the inventory; providing a method for recount; and cessation of any other operations during the count.

e. Fresh-Dated Merchandise.

- i. Offeror shall monitor the aging of fresh-dated or expiration-dated merchandise to ensure (1) no such product with less than six months shelf life remaining is received into the DC, and (2) no such product with less than 60 days shelf life remaining is shipped to stores or licensees.
- ii. Offeror must notify PLCB in writing when fresh-dated merchandise is within 60 days of its expiration date. PLCB may generate a claim to Offeror if product expires and PLCB was not notified 60 days in advance.

**3. Receiving**

- a. WMS must be able to accept purchase orders (POs) for PLCB-owned merchandise and advance shipping notices (ASNs) for bailment inventory, as well as the PLCB-assigned permit number associated with each order. A permit is generally the equivalent of a delivery appointment, and while one ASN will be associated with a single permit, one PO can be spread over multiple permits (deliveries), or one permit can have multiple POs.
- b. Shipments will be received from vendors/suppliers, consolidators (consolidator shipments will include multiple POs often from multiple vendors) and/or other distribution centers.
- c. The receiving process at the DC is the same regardless of whether the delivery is PO, ASN, consolidator or direct delivery.

- d. Offeror shall make mutually beneficial arrangements with suppliers and delivering carriers for the temporary storage and return of reusable thermal protective covers and monitoring devices.
- e. Appointments
  - i. Offeror shall provide sufficient personnel between the hours of 6 a.m. and 5 p.m. Monday through Friday to respond to telephonic and electronic delivery appointment scheduling requests. Any changes to this schedule must be approved in advance by the PLCB.
  - ii. While the PLCB will generally defer to Offeror's expertise in scheduling inbound deliveries, it reserves the right to direct the receipt of priority inbounds.
- f. Unloading Merchandise
  - i. The standard operating schedule for receipt of merchandise will be five days per week, 6 a.m. to 5 p.m. The PLCB may request and pay for additional hours or days of service to accommodate business needs.
  - ii. Offeror will be responsible for unloading trailers and the breakdown of mixed pallets.
  - iii. Inbound product will be palletized or slip-sheeted.
    - 1. Vendors are not to ship inbound product in a floor-loaded fashion.
    - 2. If a vendor ships product in a floor-loaded fashion, Offeror will secure PLCB's direction to either 1) refuse the inbound load; or 2) unload it.
    - 3. Offeror will record all instances of any vendor shipping product in a non-palletized or slip-sheeted manner and provide to PLCB as soon as possible by event.
  - iv. All merchandise received by 3 p.m. shall be available for shipment by 11 p.m. the same day and shall be unloaded and properly stored to ensure regular rotation of stock on a FIFO (first in, first out) or FEFO (first expiration, first out) basis.
  - v. Offeror will verify by signature the delivery agent's bill of lading (BOL) and the WMS receipt document and also secure the delivering agent's signature on the BOL and WMS receipt document.
  - vi. The inbound driver will be required to remain at the DC for the duration of unloading and until Offeror completes inspection of the unloaded merchandise. In cases of inbound damage or shortage, the driver and DC associate will be required to sign PLCB receiving and over/short/damage documentation. The driver will be provided a copy.
  - vii. Offeror shall handle and store product on four-way, 48-inch by 40-inch pallets.
  - viii. Seals
    - 1. Offeror will record seal numbers on in-bound trailers.
    - 2. Offeror will apply new seals to any partial shipping container received for on carriage to another PLCB facility. Occasionally, a trailer will require

only partial unloading. Once the PLCB portion has been unloaded, Offeror must ensure that the trailer has a new seal installed and that the seal number is recorded prior to dispatch.

- g. Validating Merchandise at Receipt
  - i. Offeror shall ensure that each unloaded pallet and its product(s) are uniquely identified in the WMS, capturing the quantity and manufacturer's SCC number.
  - ii. Offeror must verify case quantities against a packing slip and carrier BOL, ensuring that the item and quantity received in the WMS matches the physical quantity delivered. Any differences in item or quantity among the inbound receiving paperwork, the WMS and/or what is physically present will be documented in the WMS, and orders including variances or discrepancies in excess of 10 percent of case volume must be approved by the PLCB before the order is received.
  - iii. If inbound case SCC labels are incorrect or missing, Offeror shall obtain approval from the PLCB to print and apply new labels to the cases prior to putaway.
  - iv. If noticeable damage is identified once a trailer is opened, Offeror personnel shall contact the onsite PLCB manager to verify the damaged load. Offeror must isolate, record and track all damages. In the case of excessive damage, the onsite PLCB manager may authorize Offeror to reject receipt of individual loads.
- h. Receiving inbound returns. Offeror is required to receive, appropriately document and put away returns from FW&GS locations and licensees to the warehouse as authorized by the PLCB. Offeror will notify the PLCB prior to receiving if returned product is received in a damaged or non-sellable state.

#### **4. Order Processing**

- a. Overview:
  - i. The PLCB inventory management system will review WMS inventory availability before transmitting orders only for available inventory to the WMS.
  - ii. WMS must be capable of accepting and processing multiple orders per day for a given delivery location.
  - iii. Delivery and pickup orders for licensees and/or a third-party delivery service may be full truckload orders or multiple orders for a single licensee per truckload; orders for multiple licensees picked up by a single third-party transporter; and/or single orders as small as one case. Offeror must be capable of fulfilling all options.
  - iv. PLCB will transmit orders to the WMS one day prior to the scheduled delivery date.
- b. Offeror will pick orders, palletize, stage and load onto delivery trucks in sufficient time to ensure transportation and delivery to FW&GS locations and licensees in accordance with the daily delivery schedule established by the PLCB. Alternatively, and only as requested by the PLCB, orders may be tendered to a third-party transporter-for-hire.
- c. All Product must ship FIFO (first in, first out) or FEFO (first expiration, first out), ensuring no product is shipped with less than 60 days shelf life remaining.

- d. Routing.
  - i. Offeror will create effective and efficient routes based upon volume, restrictions and delivery profile as communicated by the PLCB.
  - ii. Special requests such as specific delivery windows or unique delivery requirements will be discussed and agreed to by the parties on a case-by-case basis.
- e. Picking / Staging
  - i. Picking shall occur Sunday through Thursday for Monday through Friday deliveries.
  - ii. Offeror must be capable of picking full pallet, full case or less than full case quantity. The WMS must be capable of breaking up an order quantity across pick areas for pick efficiency.
  - iii. All outbound pallets must be chimney stacked.
  - iv. All orders must be consolidated by delivery location prior to shipment.
  - v. All orders/pallets and mixed bottle cases must be labeled to PLCB specifications.
  - vi. All cases will be placed on 48-inch by 40-inch four-way Grade A pallet, shrink-wrapped. Bands may be utilized. It is the Offeror's responsibility to ensure the stability of the pallet to avoid damage during transportation.
  - vii. Each pallet must have a pallet label generated from the WMS identifying the item(s) and case quantity(ies) on the pallet.
  - viii. All loads shall be inspected for accuracy prior to loading onto the delivery truck.
  - ix. Pallets will be scanned to the truck as it is loaded. Trailer shall be loaded such that all pallets are stable.
- f. Return to vendor
  - i. On occasion, PLCB will provide authorization to Offeror to pick and ship product for return to vendor.
  - ii. Vendor carriers shall set appointments with Offeror to pick up a return.

## **5. Transportation and Delivery**

- a. The PLCB requires that Offeror supply its own industry-recognized transportation management system (TMS), inclusive of all hardware, software, licenses and maintenance required to support transportation services and fulfill the functional requirements, interfaces and reports as identified in the RFP and related appendices. In addition to the specific requirements provided herein, the Offeror is responsible for the configuration and/or setup of the TMS needed to meet operational needs.
- b. Drivers must be proficient in reading, writing and speaking English
- c. Offeror shall provide and manage all transportation assets, labor, technology and maintenance to provide the transportation services hereunder and shall maintain all equipment in good repair and condition.

- d. Offeror shall employ for its transportation services only competent and properly licensed personnel.
- e. Offeror must maintain a Satisfactory rating with the Federal Motor Carrier Safety Administration (FMCSA). Should Offeror drop below this rating, Offeror must notify the PLCB immediately.
- f. Offeror trailers must have the equipment required to unload merchandise off the trailer.
- g. Merchandise which is shipped but is not on the order shall be returned to the DC at Offeror's sole cost and expense.
- h. PLCB reserves the right to hire a transporter other than Offeror to pick up and deliver merchandise at the DC due to special circumstances. Offeror will allow an appointment to be scheduled and the load to be placed in a staging area until pickup. Special circumstances include but are not limited to special events, high-value merchandise and PLCB equipment (printers, rugs, etc.).
- i. Offeror shall pick up and transport pallets and empty cases from FW&GS stores to the DC. The PLCB may also ask for occasional pick up and transport of other merchandise or equipment on a case-by-case basis.
- j. Delivery schedules
  - i. Offeror is expected to deliver Monday through Friday with the option for Saturday and Sunday deliveries at the PLCB's request. All deliveries must be complete by 4 p.m.
  - ii. Any recommended changes to the PLCB-established daily delivery schedules must be approved in advance by the PLCB.
  - iii. All locations on each route shall be notified by the Offeror of the approximate time of delivery one day in advance of delivery by email or other PLCB-approved method.
  - iv. A special delivery schedule shall be established when a holiday or other occurrence disrupts normal delivery operations.
- k. Unloading:
  - i. Every delivery truck must be equipped with a lift-gate capable of unloading full pallets from the truck.
  - ii. Dependent upon the unique needs of each delivery location (see Appendix I, Western Pennsylvania Service Region), it will be the Offeror's responsibility to determine the most secure and efficient means to transfer product to the receiving location, including the provision of rollers on an as needed basis.
  - iii. In cases of full pallet offloading, Offeror must unload the pallet using Offeror-supplied pallet jack and deposit the pallet in the backroom or designated location within the receiving FW&GS store or licensee location.
- l. Licensee pickup orders.

- i. Licensee pickup orders may be dropped trailers or live loads. Offeror must offer and use appointments for live loads, while dropped trailer fulfillment will follow a PLCB-designated schedule.
  - ii. Offeror will load each Licensee pickup order onto a licensee-provided trailer or other vehicle. Offeror must be able to fulfill all licensee pickup orders, which may, in the future, include vehicles smaller than tractor trailers.
  - iii. The licensee's contracted driver must sign the BOL generated by the WMS.
- m. Temperature control:
  - i. Offeror shall ensure that all merchandise is protected from temperature extremes or weather-related damage during the delivery process.
  - ii. Any damage that occurs in the delivery process due to Offeror failure to take reasonable steps to protect merchandise from temperature extremes will be the financial responsibility of the offeror.
- n. Delivery times.
  - i. Deliveries to FW&GS stores must arrive on the day stated on the WMS order.
  - ii. Deliveries to licensee locations must conform to the specific dock time arranged with each such location.
- o. Delivery over/short/damage process (O/S/D).
  - i. Transportation damage. Offeror will be held responsible for the loss of any product due to transportation damage reported by FW&GS stores and licensees.
  - ii. Offeror must document, in a manner acceptable to the PLCB any O/S/D identified during transport.
  - iii. FW&GS stores:
    1. Before leaving the store, the Offeror driver must notify a store representative that delivery is complete. The driver and PLCB store representative shall conduct a total case count for the delivery and record any O/S/D on the BOL. The BOL must be signed by the Offeror driver and store receiver.
    2. The Offeror driver must sign the PLCB store-generated warehouse variance report which documents O/S/D as recorded by the PLCB store associate. The Offeror driver signature indicates that Offeror is in agreement with the O/S/D quantities documented on the report.
    3. If an overage or shortage is discovered in the store receipt process, Offeror must immediately perform a count of the item in the warehouse and make appropriate adjustment(s) within 24 hours.
    4. If an unacceptable overage or mis-shipped product is discovered, at the PLCB's discretion, Offeror may be required to retrieve and return the product to the DC at its own expense, receiving it back into inventory.
  - iv. Licensee Deliveries:

1. Before leaving the location, the Offeror driver must notify a licensee representative that delivery is complete. The driver and licensee representative shall conduct a total case count for the delivery and record any O/S/D on the BOL. The BOL must be signed by the Offeror driver and licensee receiver.
  2. If an unacceptable overage or mis-shipped product is discovered by a Licensee, Offeror must retrieve and return the product to the DC at its own cost, receiving it back into inventory.
  3. Damaged cases discovered during delivery will generally be disposed of by the receiving licensee, and the PLCB will bill the Offeror for such disposition.
- v. Licensee Pickups:
1. Offeror shall provide licensee driver safe and reasonable access to the interior of the trailer for purposes of securing the load and applying the seal.
  2. Before leaving the DC, the licensee driver will sign the BOL accepting the order as is.

## **6. Transfers to and from other PLCB-Designated Locations**

- a. Upon notification by PLCB of an inbound transfer, Offeror will receive shipments from another PLCB distribution center or designated location.
- b. Upon notification by PLCB of an outbound transfer, Offeror will ship to another PLCB distribution center or designated location.

**7. Cross-Docking.** While the PLCB does not currently require cross-docking capabilities, it anticipates requiring receipt, storage (staging) and shipment of pre-palletized merchandise in the future. Offeror must be capable of providing such services following reasonable notification by the PLCB.

## **8. Additional Services**

### *a. Relabeling cases*

- i. PLCB requires consolidators and suppliers to apply a PLCB item label on each case. Sometimes the label is incorrect or missing. Upon authorization from the PLCB, the Offeror will print PLCB item labels from the WMS and apply them to cases.
- ii. Such labels must meet [PLCB-prescribed labeling specifications](#).
- iii. Offeror will complete the relabeling within two working days of notification or as otherwise directed by the PLCB.
- iv. PLCB will not request Offeror to relabel individual bottles or retail units.

### *b. Reconditioning product*



- i. PLCB will provide authorization for Offeror to recondition merchandise, which entails repacking sellable bottles from a damaged case into a new case, re-taping cases and similar functions.
- ii. Offeror must be capable of applying UPC stickers to individual bottles, should such a need be identified in the future.
- iii. Offeror will complete the requested reconditioning within one work week of notification or as otherwise directed by the PLCB.
- iv. Offeror will dispose of empty cartons, packaging and empty bottles.

c. *Inspections*

- i. Upon request by the PLCB, Offeror shall physically weigh and measure a case and check the pallet configuration. If any value does not match what is in the WMS, the WMS will be updated and Offeror will notify the PLCB of such changes.
- ii. Upon request by the PLCB, Offeror shall physically weigh and measure individual bottles or products. If any value does not match what is in the WMS, the WMS will be updated and Offeror will notify the PLCB of such changes.
- iii. Upon request by the PLCB, Offeror will perform inspection of the exterior of cases. Generally, external inspection is requested to verify information on the case label, lot code and/or UPC; verify condition of the physical case; and/or report on the freshness date printed on the case.
- iv. Upon request by the PLCB, Offeror will perform inspection of the retail units inside a case. Generally, internal inspection is requested to verify the product inside the case and/or the physical condition of the product.
- v. Photos of external and internal inspections must be provided at the PLCB's request.

d. *Destruction.* Offeror will not be responsible for destruction, however Offeror will be required to stage product designated by the PLCB for destruction and assist with loading onto destruction transport service provider trailer as needed.

e. *Returns to Warehouse.* Special circumstances including product recalls/withdrawals and egregious error orders on the part of receiving locations may infrequently require the Offeror to retrieve merchandise from FW&GS stores and/or licensees and return it to the warehouse, receiving it back into inventory.