

CONTRACT SPECIFICATIONS

OVERVIEW: This Solicitation, #61000046424, is a supplemental bid to Solicitation #6100045704 held in May 2018 for anthracite and bituminous coal. This supplemental bid will cover the requirements of the Commonwealth of Pennsylvania for bituminous coal to Polk Center, Venango County.

TERM OF CONTRACT: The Contract shall commence on the effective date, anticipated to be September 1, 2018, and expire on June 30, 2019.

COMMITMENT LETTERS: Suppliers must submit, with their bid or no later than three (3) business days after notification from the Department of General Services of an award, commitment letter(s) from the operator of the breaker and/or mine of each source that the supplier intends to utilize. The letter(s) must include at minimum the names(s) of the operators of the breaker and/or mine, the tonnage commitment to be supplied each Commonwealth facility, a statement in the letter that the material supplied will meet PCID 1069 specifications for each facility, and the signature of an officer of the company operating the breaker and/or mine. Sample letter attached.

Failure to provide commitment letter(s) may result in disqualification. If an awarded supplier's source of supply changes during the contract period it is the responsibility of the supplier to notify the Bureau of Procurement within ten (10) calendar days prior to the change. Failure to provide this notification may result in termination.

BID SUBMISSION INSTRUCTIONS:

Suppliers must submit their pricing responses electronically through the SRM solicitation. Paper bids are no longer accepted.

Please include the following completed documents with your bid response:

- Page 3 & 4 of the Reciprocal Limitations Act Requirements
- Commitment Letter(s), as mentioned above
- Iran Free Procurement Certification Form

Note: If your company is not registered as a supplier with the Commonwealth of Pennsylvania, please do so by completing an online registration at www.pasupplierportal.state.pa.us. On the website, the "Supplier Service Center" tab provides detailed information on the registration process.

If you have any questions regarding this solicitation, please contact Keith Worley, at 717-346-2679 or Greg Knerr, at 717-703-2935.

ESTIMATED QUANTITIES: The facilities have supplied annual estimates for this contract that reflect their possible needs for July 1 thru June 30 of the contract year.

The facility may adjust the estimated annual quantity for any renewal terms based upon the prior year's usage.

MATERIAL SPECIFICATIONS: The selected supplier(s) are required to furnish coal in accordance with the attached Pennsylvania Commercial Item Description (PCID) 1069, dated July 27, 2018.

The Commonwealth will not update these specifications during the contract period, except by mutual agreement between the Commonwealth and the awarded supplier. Specifications for new coal burning facilities may be added to the current PCID at any time. When agreeing to contract renewals, suppliers agree to the current version of the PCID at the time of renewal.

The current version of the PCID is also available on the DGS website link, <http://www.dgs.internet.state.pa.us/CommodityItemDescriptions/>. After that, type "1069" in the Item Description # field.

Strict adherence to all specifications is required and shall be enforced. When bidding, each supplier should ensure that they can satisfy the coal requirements of the facility for which they intend to bid.

COAL SAMPLE AND TESTING:

- a. Agencies will take and submit samples following the current Management Directive 620.1 Coal Sampling and Reporting, dated October 4, 2005. The Management Directive is available upon request.
- b. Coal Testing shall be conducted by an independent laboratory as outlined in DGS Legacy Contract 9110-04, Coal Laboratory Testing.
- c. For each sampling period, Commonwealth facilities are to collect a composite sample to be split into 4 representative samples. Samples A, B, and C shall be sent to the Commonwealth's contracted coal testing laboratory. Sample D shall be retained by the facility for a period of sixty days.
- d. Sample A shall be tested to verify that the coal provided meets all requirements outlined in PCID 1069. If Sample A fails to meet the specification for any specific property. Samples B and C shall be tested. Pass/Fail of any specification property shall be based on the average result of Samples A, B, and C.
- e. Analysis of coal samples done in accordance with the methods of the American Society for Testing and Materials (ASTM), unless otherwise noted.
- f. The DGS Bureau of Procurement Quality Assurance Division shall interpret the test results. Their conclusions are final and binding on the parties hereto.
- g. If a submitted sample fails to meet the specification, the failure is recorded against the contractor for the specific facility affected.
- h. If the coal fails to work efficiently with the fuel burning equipment and/or the load conditions at the facility, even though the coal meets the specification, the Commonwealth reserves the right to cancel the contract for that facility. An Engineering appraisal must substantiate such a cancellation.
- i. Quality deficiencies shall be charged in accordance with the "Quality Deficiency" clause below.

QUALITY DEFICIENCY: Coal shall be sampled and tested per the Coal Sample and Testing provisions of this contract. Failure to meet the coal quality requirements as defined in PCID 1069, Coal, Anthracite and Bituminous shall result in the assignment of points per deficiency as defined below. Awarded suppliers shall receive a Quality Deficiency Report for each instance a sample fails to meet the quality requirements as defined in PCID 1069.

Upon accumulation of forty (40) points for an awarded institution, it shall be the awarded supplier's responsibility to provide a plan to correct the quality deficiencies for which they have been charged within 10 calendar days after notification by the DGS Bureau of Procurement, Quality Assurance Division. Failure to submit this plan may result in the termination of the supplier's contract.

Upon the accumulation of hundred (100) points per contractor, per institution, the Commonwealth reserves the right to terminate all or a portion of the awarded contractor's contract at any time as failing to meet the prescribed coal quality specifications.

In the case of a particular sample failing to meet specification for multiple test parameters, deficiency points will be assigned for the highest rated defect. For example, if a sample fails for both Ash – Dry Basis (40 points) and Moisture (5 points) the sample will be assigned 40 deficiency points.

Testing Parameter	Number of Points Incurred for Specification Failure	
	Anthracite	Bituminous
Sulfur Max. Dry Basis	40	40
Ash Max. - Dry Basis	40	40
Btu/lb. Min. - Dry Basis	40	40
Volatiles - Dry Basis	-	40
AST Min.	-	10
Free Swelling Index	-	10
Undersize Maximum	15	-
Oversize & Undersize Total Max.	15	-
Moisture Max.	5	5
Excessive Debris in Shipment	5	5
Miscellaneous*	5	5

A +1% tolerance is placed on the undersize maximum specifications for anthracite coal listed on PCID 1069. This tolerance is provided to account for sizing variations that occur due to production methods and product degradation during storage and shipping. Contractors shall target their production for the stated maximum undersize percentages listed on PCID 1069. The Commonwealth reserves the right to remove the +1% tolerance if environmental issues or facility operational needs dictate or if rampant undersize related coal quality issues occur.

****Miscellaneous specification requirements will be defined on a facility by facility basis at time of bid based on specific needs.***

CONTRACTOR CHALLENGE: Suppliers may initiate a challenge for samples that fail to meet the requirements of PCID 1069. If the contractor does not agree with the test results from the Commonwealth's contracted testing laboratory, the supplier must notify DGS, Quality Assurance Division, in writing within five (5) business days by fax or e-mail. The supplier and the Commonwealth will mutually agree on an independent laboratory to conduct testing on Sample D, retained by the facility. The laboratory test must consist of an initial test as defined in Management Directive 620.1. The facility will ship Sample D to the agreed upon laboratory. The results for Sample D shall be averaged with the results for Samples A, B, and C. If the average of the four samples meets the requirements of PCID 1069, the deficiency points assessed for the challenged specification failure shall be removed. **The results from the independent laboratory are final and binding.** The cost of the additional testing is the responsibility of the contractor.

CERTIFICATION: The Supplier must provide certification for each truckload. If certification is not present at time of delivery or the certification indicates that the coal from a particular truckload does not meet the specifications outlined in PCID 1069, the facility shall refuse acceptance of shipment. The owner or operator shall supply one of the following at time of delivery:

- a. A fuel analysis of the BTU value, moisture, ash, and sulfur content (% by weight), conducted on a representative sample of each shipment received.
- b. Written certification from the supplier, signed by a responsible official, who certifies the aforementioned fuel characteristics for each shipment delivered to the facility.

Note: The Supplier shall conduct coal sampling and analysis with sufficient frequency to assure that the coal supplied meets the Commonwealth's specifications.

REGULATORY ACTION: If a fine is imposed on a Using Agency resulting from the receipt and/or use of coal that is not in compliance with the specification set forth in PCID 1069, the awarded supplier shall be responsible for payment of such fine only if the coal:

1. was certified upon delivery by the awarded supplier as adhering to the specifications of PCID 1069;
2. was accepted as such by a facility of a Using Agency of the Commonwealth in reliance on the awarded supplier's certification; and
3. was later determined by testing to not be in compliance with the specifications.

INVOICES: The invoice for each shipment shall identify the operator(s) of the breaker and mine and the permit number(s) for the breaker and mine. Suppliers will invoice based on the valid weigh masters certificate or the net weight of the check weight location, whichever is less.

PRICE CHANGE:

Between the months of August through June, the Department of General Services shall review the cost for transportation on a monthly basis and adjust the contractor's bid price as outlined below.

The base price for diesel fuel is calculated as follows, using the weekly Oil Price Information Service (OPIS) PADD 1 Report, Biodiesel Averages in Key Cities.

$$\text{Base Price (\$/gal ULSD/B2)} = (\text{Harrisburg Avg} + \text{Philadelphia Avg} + \text{Pittsburgh Avg})/3$$

The **established base price** for ULS/B2 biodiesel fuel is **\$2.15** per gallon (rounded to 2 decimal points), calculated by using the Weekly OPIS PADD 1 report, dated August 6, 2018.

The monthly fuel adjustment will be based on the table below. The monthly market average fuel price will be calculated in the same manner as the base fuel price. Then the monthly fuel price will be placed with the appropriate Market Diesel Price Range on the table and the corresponding Diesel Fuel Price Adjustment made.

Example: If the monthly market average fuel price is \$2.51 per gallon then the monthly fuel adjustment is \$1.20 per ton upward.

Monthly Fuel Adjustment Table				
	Market Diesel Fuel Price Range \$/Gallon			Diesel Fuel Price Adjustment \$/Ton
	\$1.60	To	\$1.69	-\$1.50
	\$1.70	To	\$1.79	-\$1.20
	\$1.80	To	\$1.89	-\$0.90
	\$1.90	To	\$1.99	-\$0.60
	\$2.00	To	\$2.09	-\$0.30
Base Price	\$2.10	To	\$2.19	\$0.00
	\$2.20	To	\$2.29	\$0.30
	\$2.30	To	\$2.39	\$0.60
	\$2.40	To	\$2.49	\$0.90
	\$2.50	To	\$2.59	\$1.20
	\$2.60	To	\$2.69	\$1.50
	\$2.70	To	\$2.79	\$1.80
	\$2.80	To	\$2.89	\$2.10
	\$2.90	To	\$2.99	\$2.40
	\$3.00	To	\$3.09	\$2.70

The Commonwealth may expand the above table based on wider variations of ULS/B2 fuel price averages.

The price adjustment will be effective the first Tuesday of each month. Should the first Tuesday of the month fall on a Commonwealth holiday the price change shall be effective the next business day. A change notice to the contract shall be issued to formally incorporate the price change.

Beginning in May 2010, all diesel fuel sold in Pennsylvania is required to be biodiesel, initially 98% ULS diesel and 2% biodiesel, otherwise known as B2. This percentage concentration of biodiesel required in PA will increase, as required by law, as certain production thresholds are met. For the purposes of this price adjustment, the OPIS average price for the minimum biodiesel concentration required by law at the time of adjustment shall be compared to the established base price.

PURCHASE ORDERS/DELIVERY SCHEDULES:

No blanket orders are authorized against this contract. Purchase orders issued against this contract represent a firm order commitment with an established delivery schedule, i.e. number of truckloads per day or per week. **Material may be ordered for deliveries to cover a thirty (30) days period in accordance with the schedule specified on the order. Purchase Orders should be issued seven (7) days prior to the first scheduled delivery to give the supplier adequate time to arrange for transportation of the material.** Reasonable adjustments to order quantities due to weather changes or equipment problems are permitted but shall be done so in writing via a change to the purchase order.

DELIVERIES:

- a. Deliveries shall be F.O.B. Using Agency location. Delivery schedules are set by each facility as instructed on their purchase order.
- b. Contractors are strongly encouraged to inspect the unloading and storage facilities at the various using agency locations to determine the unloading equipment requirements. It is each supplier's responsibility to verify delivery location requirements.
- c. If it is determined that a vehicle owned or leased by the supplier was operated on a public highway carrying a weight in excess of the registered gross or axle weight limits established in Chapter 49, of the Motor Vehicle Code, the Commonwealth is not liable for payment for the amount of material equal to the excess over the registered gross and/or axle weight limits. The supplier may elect to deliver the excess material to the Using Agency without charge or to retain the material in the vehicle.
- d. The truck must use a waterproof cover to protect the coal.
- e. No fraternization allowed with prison inmates at any time. Truck driver must remain with vehicle at all times.
- f. Drain trucks of water prior to deliveries.
- g. Each coal shipment shall be free of any foreign material.
- h. Two Weigh Slips must accompany each delivery (one from source and one from check weigh location). If the weigh scales are computerized provide the facility with the computerized weigh slips.
- i. If at the time of delivery, the facility representative finds the aforementioned delivery requirements or other contract requirements are not met, the representative may refuse the shipment.

WEIGHTS:

- a) If available, the supplier will utilize on-site scales for check weighing. For facilities not equipped with on-site scales, the supplier is responsible to check weigh deliveries at an independent scale location not to exceed a 25- mile radius from the facility. The Commonwealth reserves the right to have truck deliveries check-weighed on a "SPOT CHECK" basis.

NOTE: The supplier is responsible for all check-weigh fees.

- b) The Weigh Master Certificate must conform to the requirements of Pennsylvania Code Title 70. The Commonwealth reserves the right to determine a source's weighing capability. Scales must have current certificate from the Department of Agriculture showing the scale is within acceptable tolerances.
- c) Suppliers, delivering coal to locations with requirements of less than 3 tons, may request an exemption from the requirement that an unaltered mine or colliery weigh master certificate accompany each load.
- d) The Commonwealth reserves the right to supervise the weighing of each and every load of coal at the point of origin.
- e) Water Allowance for Anthracite Coal – The Commonwealth reserves the right to adjust anthracite invoice weights by the water allowance table below if deliveries appear excessively wet. Use of this adjustment requires approval of the contract administrator.

TABLE I

<u>SIZE</u>	<u>WATER ALLOWANCE</u> (% of net weight)
Egg 2-7/16" x 3- 1/4"	0.75%
Stove 1-5/8"x 2-7/16"	1.00%
Chestnut 13/16" x 1-5/8"	1.50%
Pea 9/16 x 13/16	2.00%
Buckwheat No.1 5/16" x 9/16"	3.00%
Buckwheat No.2 (Rice) 3/16" x 5/16"	4.00%
Buckwheat No.3 (Barley) 3/32" x 3/16"	5.00%
Buckwheat No.4 3/64" x 3/32"	6.00%

An example of how the water allowance is computed is given below for Barley coal:

	<u>Invoiced Weight</u>
Gross Weight	62,500
Tare Weight	<u>-21,300</u>
Invoiced Weight	41,200
Water Allowance (5% of Net)	<u>-2,100(*)</u>
Adjusted Invoice Weight	39,100

(*) The calculated water allowance of 2,060 pounds was rounded off to the nearest 100 pounds, as allowed.

REPORTING REQUIREMENTS: Suppliers are required to provide a monthly report to the contracting officer of the tons delivered to each of their awarded facilities. The report must be in MICROSOFT EXCEL format and contain the following data elements as a minimum: facility name, facility address, type of coal delivered, separate line for each delivery, tons delivered and month the coal was delivered. The report is due fifteen (15) calendar days after the last date of the reporting month. If the date for filing the report falls on a weekend or a national or state holiday the report is due the next business day. Example: The report for January is due February 15.

Failure to file timely delivery reports may result in the termination of a supplier's contract.

INQUIRIES: Direct all questions concerning this Invitation to Bid to:

Keith Worley
 Commodity Specialist
 Department of General Services
 Bureau of Procurement
 555 Walnut Street, 6th Floor Forum Place
 Harrisburg, PA 17101-1914
 Phone: (717) 346-2679; E-mail: kworley@pa.gov