

**EXHIBIT 3**



**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF GENERAL SERVICES**

**REVERSE AUCTION  
PACKAGE**

**Sodium Chloride (Bulk Road Salt)  
Invitation for Bid No. 6100037974**



## I. Purpose

This Reverse Auction Package contains instructions governing Bidder participation in the online reverse auction for Sodium Chloride (Bulk Road Salt) for Commonwealth of Pennsylvania agencies and pre-registered COSTARS members, as well as rules for submitting electronic prices through the auction and information regarding the training process for the auction. Attachments to this Reverse Auction Package include the Intent to Participate Form (Attachment A); the Final Reverse Auction Bid Sheet (Attachment B); and Ariba Sourcing's "Configuring Your Browser" (Attachment C).

## II. Background Information

The Department of General Services (DGS) has decided to use an online reverse auction for the purpose of obtaining prices for Invitation to Bid (IFB) No. 6100037974 for Sodium Chloride (Bulk Road Salt).

To be fully eligible to participate in the auction and be considered for an award, a Bidder must do the following:

- **Sign and return the Intent to Participate Form (Attachment A) with the bid package in response to the IFB** by the date and time listed in the Calendar of Events;
- **Participate in an auction training session** conducted on the date listed in the Calendar of Events for this Reverse Auction Package;
- **Register with Ariba Sourcing and enter prebid pricing from Initial Reverse Auction Bid Sheet**;
- **Participate in the auction**, scheduled for the date and time listed in the Calendar of Events for this Reverse Auction Package; and
- **Submit the Final Reverse Auction Bid Sheet** by the date and time set forth in the Calendar of Events.

## III. Issuing Office

The Issuing Office for this event is DGS, Bureau of Procurement. The Issuing Officer is the sole point of contact for the Commonwealth for this reverse auction. Please refer all inquiries to:

Jean Halbleib, Commodity Specialist  
Department of General Services  
Bureau of Procurement  
6<sup>th</sup> Floor, Forum Place, 555 Walnut Street  
Harrisburg, Pennsylvania 17101-1914  
[jhalbleib@pa.gov](mailto:jhalbleib@pa.gov)

#### IV. Calendar of Events

	Activity	Completion Date
<input type="checkbox"/>	1. IFB 6100037974 posted on eMarketplace. The Reverse Auction Package will be included with and part of IFB No. 6100037974.	<b>April 20, 2016</b>
<input type="checkbox"/>	2. Supplier bids due to Issuing Office. <b>The Initial Reverse Auction Bid Sheet (Exhibit 4 to the Specifications) and the Intent to Participate Form (Attachment A) must be attached to the bid response upon submittal.</b>	<b>May 3, 2016 by 3:30 pm (EDT)</b>
<input type="checkbox"/>	3. Individual Supplier Training Session and Practice Auction:  Each Bidder will participate in an individual teleconference training session with a DGS trainer which will include a practice auction. This practice auction will familiarize the Bidder with the Ariba Sourcing auction platform, registering as a vendor with Ariba, entering prebid pricing, and submitting pricing in a competitive environment prior to the live online reverse auction itself.	<b>May 9, 10, 11 &amp; 12, 2016 Time TBD</b>
<input type="checkbox"/>	4. Bidders must register as a vendor on the Ariba Sourcing website and enter their lot pricing as submitted on the Initial Reverse Auction Bid Sheet as prebid pricing for the auction.	<b>May 16, 2016 by 4:00 pm (EDT)</b>
<input type="checkbox"/>	5. Live Auction:  The Auction will be conducted over two days. Lots will be divided up and will be scheduled for either the morning or afternoon session of one of the two auction days. Bidders should log onto the online tool 20 minutes prior to the start of the Auction. An Event Manager will contact all Bidders prior to the opening of the Auction to confirm readiness.	<b>May 19 &amp; 20, 2016 9:00 am (EDT)</b>
<input type="checkbox"/>	6. Final Reverse Auction Bid Sheet Submitted (via Email):  Bidder's final pricing entered within the online auction tool must be listed within the Final Reverse Auction Bid Sheet (Attachment B) provided. Bidders should state all pricing by line item detail and pricing should represent the Bidder's best pricing that was submitted during the reverse auction.  The Bidder's Final Reverse Auction Bid Sheet is required to be submitted via email to <a href="mailto:jhalbleib@pa.gov">jhalbleib@pa.gov</a> .	<b>May 23, 2016 by 4:00 pm (EDT)</b>

## V. Reverse Auction Overview

- a. An online reverse auction will be used to obtain pricing for Sodium Chloride (Bulk Road Salt). All Bidders participating in the reverse auction process are required to submit pricing electronically during a specified time frame through the Ariba Sourcing auction platform. All prices submitted during the auction shall constitute valid and binding bids. DGS shall maintain the right to accept or reject all bids.
- b. All participating Bidders will access the Ariba Sourcing auction platform via the internet from their own offices. A PC with a web browser and internet access are required to access and use this system. A description of the system and software requirements is set forth in Attachment C, Ariba Sourcing's "Configuring Your Browser."
- c. The auction format allows Bidders to see how their price submittals compare against those of other Bidders, and provides the opportunity for Bidders to improve their chances for award by reducing their prices. The identity of all participating Bidders will not be revealed to other Bidders during the online auction. A bid tabulation reflecting the auction prices will be posted after the reverse auction following the receipt of the Final Reverse Auction Bid Sheets from the auction participants.
- d. At all times during a Bidder's participation, the Bidder will have access to phone support to answer all questions related to the online price submittal system and the auction process. During the registration and training portion of the event, Bidder questions will be answered within 24 hours. Prior to and during the online auction, Bidders will have real-time support from Ariba Sourcing to resolve technical issues regarding the auction platform, supplier registration, entering prebids, logons and connectivity. The number for Ariba Sourcing is **866-218-2155**.
- e. Prior to participating in the online auction, a Bidder must, among other things, execute and agree to be bound by the online auction general terms and conditions through the Intent to Participate Form, which must to be submitted with the Bidder's response to the IFB.

## VI. Lot Overview and Parameters

- a. The auction will consist of sixty-seven (67) lots representing each of the sixty-seven counties in the Commonwealth. A description of the lots is contained as Exhibit 1 to the Specifications of IFB No. 6100037974. The reverse auction will take place over the course of two days. Lots will be divided up and will be scheduled for either the morning or afternoon session of one of the two auction days. The general schedule of auction times for the lots is contained in the Description of Lots, Exhibit 1 to the Specifications. The auction will consist of per ton pricing for each lot for Sodium Chloride (Bulk Road Salt) for the Commonwealth agencies and pre-registered COSTARS members as set forth in the Specifications.
- b. Bidders will be required to submit their Final Reverse Auction Bid Sheet no later than 4:00 pm (local time) on May 23, 2016 (EDT).
- c. Listed below are the reverse auction parameters. These configuration details will be reviewed further during the individual training session:
  1. **Style:** This Auction will be a reverse format, in which a Bidder's price submittals may only decrease in value.

2. **Information Release:** During the reverse auction, Bidders will see their current price as well as the other bidders' prices for each lot. However, the identities and number of other Bidders will not be visible at any time.
3. **Prebids:** Prebids are bids that you enter during the auction preview period. The prebid price will be the extended pricing for each lot. The Bidder must submit prebid pricing for all lots for which pricing was submitted on the Initial Reverse Auction Bid Sheet. Failure to submit prebids prior to the date and time set forth in the calendar of events will result in the Bidder being locked out of the lots for which no prebids were entered. The prebid lot pricing must match the lot pricing contained in the Bidder's Initial Reverse Auction Bid Sheet.
4. **Tie Bids:** Tie bids will not be accepted during the auction. If a bidder attempts to submit a bid that is exactly the same as another Bidder's bid, the system will not accept the second bid and will send a message to the second bidder.
5. **Ceiling Price:** The ceiling price is a price set by DGS for each lot and only bids at or below this price will be accepted by the auction platform. DGS has determined that it is in the best interests of the Commonwealth to establish ceiling prices for each of the lots. The ceiling prices established for the lots can be found on the Initial Reverse Auction Bid Sheet, Exhibit 4 to the Specifications.
6. **Bid Guardian Percentage:** The Bid Guardian Percentage helps prevent Bidders from entering erroneous bids during the reverse auction event by providing a warning message to a Bidder who attempts to enter a bid that is more than ten percent (10%) lower than the Bidder's previous bid. The Bidder can override the warning and submit the lower bid.
7. **Minimum Price Submittal Rule/Decrement:** The minimum price submittal decrement is the amount by which Bidders will need to beat **their** previous lowest price in order to submit a new price. For this auction the minimum decrement is set at \$0.05 per ton.
8. **Initial Duration:** The initial duration for Lot 1 will be 10 minutes. Overtime may extend the auction duration past the initial time period. All lots will start at the same time; however, the ending times for each lot will be staggered by four (4) minute intervals to ensure that all Bidders have the opportunity to improve their pricing for the lots in which they are bidding.
9. **Extension Rule:** Overtime activates for a lot when a new low price is submitted within the last sixty (60) seconds of the auction duration. Successive overtime extensions are activated whenever new low price submittals are placed with sixty (60) seconds or less remaining. Each overtime extension **resets** the time remaining in the auction to one (1) minute. There will be no limit to the number of extensions that may occur in overtime. The overtime period will end when no additional extensions are triggered and the time expires. Overtime in Lot 1 will automatically extend the closing time for all subsequent lots.
10. **Surrogate Bidding:** Surrogate bidding is used when a Bidder, during the auction event, is unable to participate in the online reverse auction due to loss of connectivity, loss of power, or other unplanned circumstances out of the control of the bidder that prevent the Bidder from participating. If during the auction event, a Bidder experiences such a circumstance, the Bidder may call Ariba's technical support helpline (**866-218-2155**) for assistance in bidding. Ariba, with the verbal consent of the Bidder over the telephone, will enter bids at the direction of the Bidder until the conclusion of the auction or until such time as Bidder is able to enter bids on its own.

The telephone call will be recorded to capture all communications between Ariba and the Bidder. If a Bidder is required to use Ariba for surrogate bidding during an auction event, such actions are solely between the Bidder and Ariba. The Commonwealth is not a party to these communications and is not liable for any errors or miscommunications between the Bidder and Ariba during the period of surrogate bidding.

## **VII. Training**

DGS will train designated employees of each Bidder in a telephonic training and online session to familiarize the Bidder's employees with the auction configuration details and the online price submittal system. Training will be held on the dates set forth in the Calendar of Events contained in this Reverse Auction Package.

## **VIII. Reverse Auction General Terms and Conditions**

### **a. Auction Event Terms**

1. The Commonwealth intends to use the online auction process for soliciting prices for the lots as described in the IFB. The Commonwealth is not acting as an auctioneer. The pricing results of the reverse auction may become, at the Commonwealth's sole discretion, part of any final contract between the Commonwealth and the selected Bidder(s).
2. The Bidder releases the Commonwealth, its agencies, officers, employees, and consultants from any liability with respect to the online auction event or the conduct of any participant in the online auction event, regardless of whether such liability arises under contract, tort, or any other theory. The Bidder acknowledges that it is under no coercion to agree to this term.
3. Prices which Bidders submit for the online auction event are legally binding prices without qualification. Price submittals may not be cancelled or withdrawn except as specified in these terms.
4. No partial price submittals are permitted. Bidders may only participate in the auctions for the lots for which they submitted initial pricing in response to the IFB.
5. Except as provided in Subsection 6, below, or specifically requested by the Commonwealth, Bidders agree to submit initial pricing on the Initial Reverse Auction Bid Sheet and auction prices online only through the auction website provided by the Commonwealth and not to submit prices via any other mechanism including, but not limited to, U.S. mail, courier, fax, E-mail, or orally.
6. Any Bidder experiencing difficulties during an online auction event must notify Ariba Sourcing immediately at the number provided above. "Difficulties" include any technical problem which interferes with the Bidder's ability to participate in the online auction event and may include, but is not limited to: data entry errors, software problems, or hardware problems. If more than one Bidder experiences difficulties during the auction, DGS may cancel the auction and set up a new time and date. During the online auction, Bidders will have real-time support from Ariba Sourcing by calling **866-218-2155**.
7. Bidders must maintain security of passwords against unauthorized use.

8. Bidders must enter prebid pricing for each of the lots for which they submitted pricing on the Initial Reverse Auction Bid Sheet. The prebid pricing **must** match the pricing on the Initial Reverse Auction Bid Sheet.
9. Only those Bidders who have submitted initial pricing for lots in response to the IFB (through the Initial Reverse Auction Bid Sheet) and have entered those prices as prebids in the Ariba Sourcing auction platform will be eligible to participate in the online auction event for those lots.
10. Prices submitted to the auction site or submitted through the Final Reverse Auction Bid Sheet shall not be withdrawn or modified by the Bidder for a period of sixty (60) days from the close of the auction or until a contract is fully executed.
11. If the Bidder is selected for award, it agrees that the price submitted through the online auction is the Bidder's final price.
12. In submitting a proposal and participating in the reverse auction, Bidders understand and agree that the Commonwealth will award the contract based upon the lowest price submitted by responsive and responsible Bidders during the auction.
13. DGS reserves the right to revise the closing date of the auction, cancel auctions, pause auctions, change posted quantities, and re-offer items that were previously withdrawn. DGS also reserves the right to extend auctions at any time at its sole discretion. DGS also reserves the right to reject all prices received through the online auction.
14. Bidders are responsible for ensuring that bids are submitted through the auction with sufficient time remaining in the auction. Bidders who choose to wait until the final minutes of an auction do so at their own risk. If a Bidder encounters difficulties, as defined above, in the last sixty (60) seconds of the auction, the auction will not be paused and the Bidder will be bound by its last valid price submittal.
15. In participating in the reverse auction, the Bidder understands that DGS will determine, in its sole discretion, which auction result, if any, is accepted. In addition, DGS reserves, in its sole discretion, the right to waive any technical deficiencies or errors with regard to bid packages and bid prices submitted.
16. DGS reserves the right to revise these terms at any time by Addendum.

**b. Auction Site Terms**

1. The auction web site and this service are provided "as is" and without any warranty, express, implied or statutory, including, but not limited to the implied warranties of title, merchantability, fitness for a particular purpose and non-infringement.
2. The Commonwealth makes no warranty that the information on the auction site is accurate, that the auction site will be uninterrupted, timely, secure, or error free. The Commonwealth makes no warranty as to the results that may be obtained from the auction site or that defects, if any, in the software will be corrected.
3. No advice or information, whether oral or written, obtained by the Bidder from the Commonwealth or through the auction site shall create any warranty not expressly stated herein.

4. In no event shall the Commonwealth be liable for lost profits or any special, incidental or consequential damages arising out of or in connection with the website (including suspension or interruption of service), or the services provided for the online auction event (however arising, including negligence).
5. Without limiting any other remedies, the Commonwealth may suspend or terminate an Bidder's access to the website if the Bidder is suspected (by conviction, settlement, insurance or escrow investigation, or otherwise) to have engaged in fraudulent activity in connection with the site.

**c. Bidder Response to DGS**

1. Each Bidder's auction response will consist of four (4) components: 1) the Initial Reverse Auction Bid Sheet submitted in response to the IFB, 2) Prebid pricing in the Ariba Sourcing auction platform; 3) the Reverse Auction; and 4) the Final Reverse Auction Bid Sheet. Detailed instructions for completing the Final Reverse Auction Bid Sheet following the auction are contained in subparagraph 3 below.
2. Once the auction starts, the Bidder's prebid pricing for those lots for which they submitted pricing in the Initial Reverse Auction Bid Sheet will appear in the auction event as the bidder's opening bid.
3. At the conclusion of the auction, Bidders must complete and submit the Final Reverse Auction Bid Sheet. The Final Reverse Auction Bid Sheet will reflect the Bidder's lowest bid on the lot from the reverse auction, less the total fixed option cost for that lot. Bidders shall submit the completed Final Reverse Auction Bid Sheet via e-mail to the Issuing Officer, by 4:00 pm (local time) on May 23, 2016.
4. If these components are not satisfied, DGS may, in its sole discretion, reject the Bidder's bid for individual lots or all lots for which the bidder submitted pricing. After the Bidder has submitted the Final Reverse Auction Bid Sheet via e-mail, the Bidder will receive a confirmation through e-mail that it has been received. If the Bidder does not receive a confirmation e-mail, the Bidder should contact the Issuing Officer.