

SOLICITATION ADDENDUM

Date: **05/02/2025**
Subject: **IFB Presort Mail Services**
Solicitation Number: **6100063178**
Due Date/Time: **05/12/2025**
Addendum Number: **2**

To All Suppliers:

The Commonwealth of Pennsylvania defines a solicitation “Addendum” as an addition to or amendment of the original terms, conditions, specifications, or instructions of a procurement solicitation (e.g., Invitation for Bids or Request for Proposals).

List any and all changes:

DGS has received the following questions. Please note that the answers included on this addendum are the final answer to the questions below.

Question: Is the awarded bid based on the Appendix A, Cost Sheet or the numbers submitted in the Item Overview?

Answer: The contract will be awarded to the responsive and responsible bidder offering the lowest cumulative bid price. Bidders must enter their bid prices on **Exhibit A, Cost Sheet**.

Question: Attachment 1, Terms and Conditions. Section: Instructions. No subcontracting without written consent. It is our intention to provide transportation with our own employees and trucks, but in case of an emergency, we may need to outsource on very short notice. In that situation is shorter notice and not waiting for consent acceptable to make sure the mail is processed on time?

Answer: No

Question: Attachment 1, Terms and Conditions, Section: Legal Terms. Does our driver picking up mail at the facility constitute “access” such that they need to undergo the specific background check required by the State in section V.46 of the contract terms and conditions?

Answer: Yes

Question: Attachment 1, Terms and Conditions, Section: Wage Requirements. Due to CPI in 2023 and 2024, the Enhanced Minimum Wage is now \$16.74. What will the wage be raised to in July of 2025?

Answer: \$17.31

Question: Attachment 1, Terms and Conditions, Section: Wage Requirements. Is it correct that Enhanced Minimum Wage only applies to workers performing the services up until the State's mail is commingled with other clients' mail.

Answer: Please refer to V.50 CONTRACT-053.1 Enhanced Minimum Wage Provisions (February 2024), section a. Enhanced Minimum Wage of the Terms & Conditions.

Question: Attachment 1, Terms and Conditions, Section: Contract Terms. Provides for the State to pay with Purchasing Cards, if the vendor is not equipped to accept any type of credit/debit cards from its customers, does the State agree that vendor would not have to accept purchasing card payments?

Answer: No.

Question: Attachment 2, Exhibit B_SLAs, Liquidated Damages (line 3). An email or written letter communication from the Contract Administrator to correct the problem within 3 business days. If the problem occurs again in the same calendar quarter, the Contractor will be given a second written warning. At the time of second warning, and assuming corrective action has not been instituted, a 2% deduction to the Contractor's handling fee will be retained by each impacted agency that provided mail to the Contractor on the day(s) the Contractor did not meet the delivery requirement.

The term "instance" is not clearly defined in the RFP. Could you please clarify what constitutes an "instance" for example, is it a single mail piece, a tray, or a complete failure to dispatch mail on a given day? Additionally, regarding the 2% penalty, could you specify 2% of what fees this applies to? It appears to relate only to the affected pieces, but further clarification would be appreciated. Understanding the scope of both "instance" and the basis for the 2% is critical for accurate compliance.

Answer: This is not an RFP, this is an IFB. An instance is defined as a failure to deliver mail at a given date.

Question: Attachment 2, Exhibit B_SLAs, Liquidated Damages (line 5). The contractor must reimburse each agency 100% of the additional postage costs incurred for any permitted mail processed that did not meet the 90% performance target. Example: 82% of the mail was processed at the 5-digit postage rate; this is 8% below the requirement. The Contractor must reimburse the impacted agencies 100% of the additional postage costs incurred for the 8% of the mail that did not meet the SLA. Contractor is required to document the volume of mail processed outside of the designated postage rate, and the additional postage costs incurred for the processing of this mail.

The term "permitted mail" is used in the RFP—can you confirm whether this is intended to mean "permit mail"? Elsewhere in the document, it's noted that the mail will be metered, which seems inconsistent. This distinction is important, as additional postage costs would typically only apply to permit mail, not metered mail. Clarification on this point would help ensure an accurate understanding of postage responsibilities.

Answer: This is not an RFP, this is an IFB. It is intended to mean permit mail.

Question: Attachment 2, Exhibit B_SLAs, Liquidated Damages (line 6). Contractor must reimburse each agency 100% of the additional postage costs incurred for any permitted mail processed that did not meet the 75% performance target. Example: 74% of the mail was processed at the 3-digit postage rate; this is 1% below the requirement. The Contractor must reimburse the impacted agencies 100% of the additional postage costs incurred for the 1% of the mail that did not meet the SLA. Contractor is required to document the volume of mail processed outside of the designated postage rate, and the additional postage costs incurred for the processing of this mail. The RFP refers to "permitted mail" can you please confirm if this is intended to mean "permit mail"? In another section, it states that the mail will be metered, which seems inconsistent. This clarification is important, as additional postage costs would typically only apply to permit mail, whereas metered mail would already have postage affixed.

Answer: This is not an RFP, this is an IFB. It is intended to mean permit mail.

Question: Attachment 2, Exhibit B_SLAs, Liquidated Damages (line 7). Contractor will not be reimbursed for additional postage costs incurred for any metered mail processed that did not meet the 100% performance target. Contractor is required to document the volume of mail processed outside of the designated postage rate, and the additional postage costs incurred for the processing of this mail.

Regarding the requirement to report how much of the metered mail qualified and the amount of postage absorbed by the vendor: While we fully guarantee qualification, which is standard practice—we typically do not disclose this level of detail to our clients. We are particularly concerned about providing this information to a government entity, as it could become part of the public record and potentially be accessible to competitors or other clients. Could you please clarify how this information will be used and whether it would be subject to public disclosure laws?

Answer: Please refer to V.49 CONTRACT-052.1 Right to Know Law (February 2024) of the Terms and conditions

Question: Attachment 2, Exhibit B_SLAs, Liquidated Damages (line 8). The Contractor will not be reimbursed for additional postage costs incurred for any metered mail processed that did not meet the 100% performance target. Contractor is required to document the volume of mail processed outside of the designated postage rate, and the additional postage costs incurred for the processing of this mail. For the metered mail referenced in the RFP, we understand and agree with the expectation to guarantee qualification, which is standard practice. However, the requirement to report the actual percentage that qualified, and the amount of postage absorbed is unusual. This level of detail is not typically shared with clients, and we have significant concerns about providing it to a government entity, as it may be subject to public disclosure. Could you clarify how this information will be managed and whether it would be protected from public access under applicable laws or policies?

Answer: This is not an RFP, this is an IFB. Please refer to V.49 CONTRACT-052.1 Right to Know Law (February 2024) of the Terms and conditions

Question: Section: Liquidated Damages (line 9). The contractor will not be reimbursed for their processing (handling) fees on any mail that does not qualify for any postage discounts. Agencies will be responsible for the excess postage costs incurred for standard mail and first-class mail not processed with the requested postage discounts. Fees and charges may not exceed discounts. Contractor is required to document the volume of mail processed with no postage discount and the additional postage costs incurred for the processing of this mail. They must also provide a summary of why the mail was not processed with a discount.

The RFP states that handling fees will not be reimbursed, which appears to suggest that the sort fee would not be paid, while the agencies would still cover the postage upgrade. Can you please confirm if that interpretation is correct? Additionally, if mail is submitted in a way that prevents us from qualifying it for discounts due to agency preparation issues, we assume this should not be counted against the vendor. If the reference is instead to rejected mail, it appears that we would recover the postage but not receive any sort fee—and would also be required to report the reason each piece could not qualify for automated presort. Could you please clarify how rejected or non-qualifying mail will be managed under these terms?

Answer: This is not an RFP, this is an IFB. No, that interpretation is not correct. The Commonwealth will pay handling charges.

Question: General Question, Pricing. Other than automatic increase in the postage rates there doesn't seem to be a method for vendors to apply any sort fee increases over the course of the contract. If the USPS changes rules or regulations that directly impact the cost or performance of the services, would the state allow such regulatory impacts to be passed on to the State?

Answer: Yes, if any incentive discounts are passed along to the state.

Question: General Question, Pricing. As a result of the Enhanced Minimum Wage, vendors labor costs will automatically increase each year by the CPI, would the state accept an annual CPI increase on the sort fees?

Answer: Yes

Question: General Question, Data Currency. The volume data provided is based on 2023 figures. Is more recent volume data (e.g., from 2024 YTD) available to support a more accurate proposal?

Answer: No further volume data is available.

Question: General Question, Next Day Mail Definition. The RFP specifies “Next Day” mail but also states delivery should occur within 24 hours. If our USPS Critical Entry Times allow for a Next Day mailing date, even if the actual delivery time exceeds 24 hours, would that still satisfy the requirement for “Next Day” service?

Answer: This is not an RFP, this is an IFB. Ye, that would still satisfy the requirement for “Next Day” service.

Question: General Question, Barcode Application Responsibility. Section A4a states that the State will barcode the mail. Can you confirm whether Full-Service Intelligent Mail Barcodes (IMb) will be used? Additionally, Section G3 requires vendors to have equipment to apply IMbs—does this mean vendor will need to re-spray all pieces, or only select jobs? Will vendors need to integrate additional information into pre-applied barcodes?

Answer: Intelligent Mail Barcodes will be used. The vendor will have to spray on the pieces that do not have barcodes on them.

Question: General Question. Move Update Compliance. The RFP appears to require Move Update compliance across all mail. Can you confirm whether vendors will be expected to re-spray addresses if updates are identified?

Answer: This is not an RFP, this is an IFB. Yes, they will be expected to be resprayed.

Question: General Question. Rate Guarantees and Reimbursement Logic (Section A5) If the vendor must guarantee the 5-digit rate and cannot charge the agency for any postage upgrades, under what circumstances would reimbursement be applicable? This appears to only make sense in the context of permit mail using the State’s EPS account, not metered mail at a fixed rate. Can you clarify how this process is expected to work?

Answer: Yes, correct

Question: General Question. Permit vs. Metered Mail Based on the SLA Exhibit, it seems some of the mail is sent via permit. Can you clarify the expected volume breakdown between permit and metered mail?

Answer: No further numbers are available regarding expected volume.

Question: General Question. Postage and Sort Fee Responsibility (Section A7). This section restates that vendors must meet postage rate requirements and cannot charge sort fees. For mail that only qualifies at the AADC level, will the vendor be responsible for both the upgrade cost and waiving the sort fee? If this refers to rejected mail, can you confirm that mail not qualifying due to improper preparation by the agency (e.g., non-compliance with USPS automation or barcode standards) will not be counted against the vendor?

Answer: All mail must be charged at the 5-digit rate

Question: General Question. Mail Preparation Standards. Does the State agree that it is responsible for preparing mail in full compliance with USPS requirements, including automation compatibility and accurate barcode placement, to maintain eligibility for postage discounts?

Answer: Agreed

Question: General Question, Statement of Work. Driver Assistants (Section B). The RFP notes that driver assistants may be required. Can you clarify whether the State mandates this or if it is left to vendor discretion?

Answer: This is not an RFP, this is an IFB. This may be mandatory, based on agency requirements, as the agency has discretion to make this determination.

Question: General Question, Emergency Pickup Locations. The RFP mentions the possibility of emergency pickup locations but does not describe how this would impact scheduled pickup times or SLAs. Can you provide more details?

Answer: This is not an RFP, this is an IFB. Any specifications or SLAs that apply to normal mail also apply to Emergency mail.

Question: General Question. Pickup Ticket Format. The RFP references a “mutually agreed” ticket format. Will the State accept the use of our standard electronic pickup slips?

Answer: This is not an RFP, this is an IFB. We will determine acceptance following discussions with awarded supplier.

Question: General Question, Use of Subcontractors for Transportation. If we plan to use a transportation subcontractor, is prior approval from the State required? Are there specific compliance or reporting requirements for subcontractors?

Answer: Prior approval is required. Same reporting applies.

Question: General Question, Separate Agency Billing. Can you confirm how many separate agencies will require individual billing, and whether separate invoice formats or reporting will be required?

Answer: 4 primary agencies as well as other agencies requiring these services within the capitol complex and surrounding area.

Question: General Question. System Requirements (Section G). The RFP mentions a billing system that “meets USPS requirements.” Could you clarify what specific USPS requirements the billing system must satisfy?

Answer: This is not an RFP, this is an RFP. Billing system must be in compliance with all USPS Systems and requirements.

Question: SLA Related Clarification. Can you confirm that the reference to "permitted mail" is intended to mean "permit indicia mail"?

Answer: Yes

Question: General Question. SLA- Related 2 % Deduction for SD Mail. Can you clarify whether the 2% deduction for Same Day (SD) performance is applied to the total amount billed, only to the SD portion, or another basis? Please provide an example of how a penalty would be calculated. Would the Commonwealth consider an alternative SLA model—for example, a threshold-based penalty structure such as 97% cumulative First Pass On-Time (FPOT) performance before a penalty is imposed, factoring in pickup time constraints?

Answer: Only the SD portion. No further data is available. No, the Commonwealth will not consider an alternative SLA model.

Question: General Question. Next Day (ND) Mail Definition and SLA. We have similar concerns regarding the ND SLA as we do with SD, particularly in relation to “continuous mailers” and the nature of multi-day dispatches. Can you clarify the definition of “continuous mailer” and how ND performance will be measured in those contexts?

Answer: We are asking for more clarification on this specific question asked as the question references items that aren’t listed in the SLAs or Statement of Work.

Question: General Question. 5 Digit Qualification (5DGT). Is the 90% 5DGT qualification requirement measured per billing period?

Answer: Monthly.

Question: General Question 5 Digit Qualification (5DGT). If not met, is the penalty imposed directly or managed as a rebate?

Answer: Imposed directly.

Question: General Question. 5 Digit Qualification (5DGT). Can exceptions such as rejected, damaged, or single-piece mail be excluded from this calculation?

Answer: No exceptions.

Question: General Question. 3 DGT Flats and USPS Changes. Given the USPS change in July increasing the 3DGT Flats threshold from 10 to 50 pieces, this SLA will have a material negative impact on current qualification. Would the Commonwealth consider removing the penalty for this requirement (as the USPS has changed the rules) or revisiting this standard when change is implemented?

Answer: We can consider revisiting when changes are implemented.

Question: Clarification on Items 7 & 8 in SLA. Further clarification is requested on SLA items 7 and 8 to better understand compliance requirements and implications.

Answer: Please refer to Appendix C, Service Level Agreements, specifically Performance Target, Calculation and Liquidated Damages for thorough description

Question: Residual Mail Handling. In cases where the vendor must manually fix or reprocess residual mail, would the Commonwealth allow us to charge a handling fee or recoup postage upgrades resulting from such rework?

Answer: No.

Question: Request to Remove SLA Items 6, 7, and 8. Based on operational feasibility and industry norms, we respectfully request consideration for the removal of SLA items 6, 7, and 8.

Answer: No.

Question: General Question, Evaluation Criteria. Is price the sole selection criterion, or will qualified services, disaster recovery capabilities, reporting functions, and ancillary services also be evaluated?

Answer: This is an IFB not an RFP. The contract will be awarded to the responsive and responsible bidder offering the lowest cumulative bid price. Bidders must enter their bid prices on **Exhibit A, Cost Sheet**

Question: General Question. Does this contract include international or military mail?

Answer: Not known at this time.

Question: General Question. Would the Commonwealth be open to amending the contract to include ancillary services such as LTL transportation, backhaul, cross-dock supply logistics, etc.?

Answer: No.

Question: Definition of “24 Hours” (Bidding Requirements – Definitions). In Definition #2, “within 24 hours” could extend to up to 48 hours depending on dispatch times, processing of rejects, damages, and excluding returns. Can you confirm if this flexibility is allowed, or can it be discussed for clarification?

Answer: No

Question: Service Requirements – Metered Flats & Additional Mail Type. Will the Commonwealth utilize 2D barcodes.

Answer: We use intelligent mail Barcode (IMB).

Question: Service Requirements – Metered Flats & Additional Mail Type. Is Move Updated Services (MUS) required?

Answer: Yes

Question: Service Requirements – Metered Flats & Additional Mail Type. Will Secure Destruction STIDs be used?

Answer: In some cases, yes.

Question: Service Requirements – Metered Flats & Additional Mail Type. Will Certified Mail be included in this contract?

Answer: No

Question: Promotions & EPS Account (Item 7). Is the Commonwealth participating in USPS promotional programs?

Answer: Yes.

Question: Promotions & EPS Account (Item 7). If so, is a promo processing fee allowed to be retained by the vendor for compensation of the administrative support provided by vendor in facilitating the promotion rebates?

Answer: No

Question: Promotions & EPS Account (Item 7). Please confirm whether any indicia mail permit is EPS-funded from the State's account with the USPS.

Answer: Yes

Question: Promotions & EPS Account (Item 7). If the state would be using the vendors account with the USPS, would the State agree to provide the vendor with some form of postage deposit or different payment terms for postage since the vendor will have to pay the USPS every day.

Answer: No

Question: Mail Pickup and Equipment Requirements. Are dual drivers required, and if so, will that additional expense be reimbursed.

Answer: No.

Question: What is meant by “driver assistant” and is it mandatory?

Answer: Please refer to the Statement of work, Section B. Mail Pickup. This may be mandatory, based on agency requirements, as the agency has discretion to make this determination

Question: Mail Pickup and Equipment Requirements. The RFP states that the APC cages must be provided – can pallets be used instead.

Answer: This is not an RFP, this is an IFB. IPC cages must be provided.

Question: Mail Pickup and Equipment Requirements. Are Vendors allowed to charge additional pickup fees for extra pickups beyond those listed in the Statement of Work.

Answer: No.

Question: Chain of Custody Documentation. What are the “cards/tickets” referenced in relation to chain of custody.

Answer: Pick up slips which denote quantity.

Question: Transportation and Transfers. If mail must be drop-shipped to postal locations beyond the primary destination, many vendors charge a fee for this service.

Answer: No

Question: Systems and Software. Is the Commonwealth expecting vendors to provide billing based on customer-level counts? Please clarify expectations for how mail volume and billing will be segmented and reported.

Answer: Yes, it needs to be broken-up into customer-level accounts.

Question: Reporting Requirements (Section E). Can you provide examples of templates of the required reports mentioned in the RFP? Suggest discussion around secure client portal usage for reporting.

Answer: This is not an RFP, this is an IFB. If you have a permit with USPS, you can access the portal for reporting. Each agency requires different levels of reporting