

# BALTIMORE COUNTY PUBLIC SCHOOLS

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## ADDENDUM NUMBER 4

DATE: July 8, 2019  
BID NAME: OFFICE SUPPLIES  
BID NUMBER: JBO-722-19  
DUE DATE: NO CHANGE  
DUE TIME: NO CHANGE

TOTAL PAGES: 2

The following revisions and responses to questions are made to the original bid document. This addendum forms a part of the Contract Documents and modifies the Original Solicitation Documents accordingly and as noted below. Acknowledge receipt of this Addendum in the space provided on the "Addenda" form within the Form of Proposal.

The solicitation inquiries received prior to the issuance of this addendum are as follows:

### **GENERAL**

**(1) INQUIRY:** Is Office Depot working directly with or partnering with a MBE or SBE in its performance of the current contract? One example of such partnering might be a subcontracting of some portion of the contract (delivery, customer service, invoicing, etc.). Or rather, is Office Depot satisfying whatever MBE goals or mandates that are associated with the current contract through the sale of products manufactured by M/WBES?

*Response: The current contract was not issued by BCPS. We do not have records of MBE participation for this contract.*

**(2) INQUIRY:** With regards to Section 6.e. on Solicitation Page 9, please advise as to where in their proposal bidders should include any Prompt Payment Discount that they may choose to offer.

*Response: Any bidders wishing to offer this possibility may include a letter on corporate letterhead with their proposal.*

**(3) INQUIRY:** With regards to Section 27.1 on Solicitation Page 20, the language in that section states that the extension of the terms and conditions of this solicitation to other agencies "is conditioned upon mutual agreement of all parties pursuant to special requirement, which may be appended thereto". For clarification, is BCPS right to extend the terms and conditions of this solicitation by mutual consent with winning bidder, or rather the sole right of BCPS?

*Response: Multi-Agency participation, beyond those identified in the solicitation is upon mutual agreement.*

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**(4) INQUIRY:** Is the preference of BCPS a discount model predicated on discount from vendor's open web pricing or discount from manufacturer's List Price? We notice language in Solicitation Sections 14.2 on Page 35 "*Contractor shall use a price guarantee strategy that sweeps online market pricing of major competitors to ensure the best pricing is received by participating entities at all times*" and Section 2.5 on Page 43 "*Website Discount Model: Award Bidder shall guarantee best pricing on all listed products based on built-in technology that sweeps the websites of major competitors, at least quarterly, to ensure contract pricing is the best available on any given day*" that would seem to indicate that the preference of BCPS is a "Open Web Less" model. Could the BCPS comment on this?

*Response: BCPS has no preference.*

**(5) INQUIRY:** With regards to the question above regarding Non-Core Pricing (Web Less vs. Manufacturer's List Less), should a bidder opt to propose a "Web Less" arrangement for BCPS, how is that proposal to be articulated on the Page 66 WORKSHEET 2: NON-CORE PRODUCT PRICING? For example, if a bidder proposes ten percent off its open web pricing, is the bidder to apply that ten percent discount to the estimated expenditures by BCPS category on Page 66 (example- bidder bids 10% off its open web pricing; is thus the resulting "Net Cost" for Ink and Toner on Worksheet 2 \$3,214,712 less 10%, a total of \$2,893,240.90?) Likewise, if another bidder proposes a 30% discount off Manufacturer's List Price, is that discount of 30% to be applies to the estimated expenditures listed on Worksheet 2 (example- bidder bids 30% off Manufacturer's List Price for Ink and Toner; is thus the resulting "Net Cost" for Ink and Toner on Worksheet 2 \$3,214,712 less 30%, a total of \$2,250,298.40?)

*Response: See response 10.*

**(6) INQUIRY:** Regardless of however a bidder proposes non-core discounting for BCPS, will BCPS bidders to maintain a Gross Profit Floor? For those unfamiliar with the term, a Gross Profit Floor is a condition attached by a bidder to its quoted discounting that guarantees the bidder a guaranteed minimum gross profit for an item regardless of the discounting quoted: An example follows below:

<u>Item</u>	<u>Item Description</u>	<u>List Price</u>	<u>Quoted Discount</u>	<u>Net Price Based on Quoted Discount</u>	<u>Dealer Cost</u>	<u>Gross Profit Floor Percentage</u>	<u>Final Price to Customer Based on Gross Profit Floor</u>	<u>Actual Discount Received</u>	<u>Increase, Actual Price vs. "Discountable" Price</u>
ABC123	WIDGET,X-LRG,BLUE	\$10.00	50.00%	\$5.00	\$6.00	20.00%	\$7.50	25.00%	50.00%

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In the example above for item ABC123, the prevailing discount quoted is 50.00%. The list price for the item is \$10.00. Applying a discount of 50.00%, the net price for the item would be \$5.00. However, the dealer cost for the item is \$6.00 and in the example above the dealer has attached a 20.00% Gross Profit Floor to its 50.00% discount. Therefore, the sell price of \$5.00 based on the quoted discount of 60.00% results in a gross profit for the dealer that is less than 20.00%, thereby triggering the conditional 20.00% Gross Profit floor. Thus, the dealer cost of \$6.00 is marked up to result in a sell price to the customer that includes 20.00% gross profit for the dealer, a sell price of \$7.50 (\$1.50 profit on the sell price of \$7.50 equals 20.00% Gross Profit). In this example, the actual discount received by the customer on this transaction is 25.00% (List Price: \$10.00; Purchase Price: \$7.50 = discount received of 25.00%). **IN THIS EXAMPLE, THE ACTUAL PRICE IS FIFTY PERCENT HIGHER THAN THE PRICE CHARGED AT THE QUOTED DISCOUNT MINUS THE GROSS PROFIT FLOOR**

*Response: Vendors may not maintain a Gross Profit Floor.*

**(7) INQUIRY:** Referencing section 14.5.4 on Solicitation Page 37, is the referenced cap of three percent (3%) of the price for the immediately preceding year applied on a “per item” basis, or on the entire core list in the aggregate?

*Response: The cap of 3% is per item.*

**(8) INQUIRY:** Referencing Section 1.0 on Solicitation Page 42, what percentage of the total estimated spend of \$11,874,890 is captured by the Worksheet 1: Core List Pricing

*Response: This information is unknown to BCPS.*

**(9) INQUIRY:** We were unable to find any specific price terms online by conducting a search online for contract RGA-141-11. Can BCPS provide a full and complete copy of that current contract, inclusive of all pricing, off core discounting, and other related financial terms?

*Response: BCPS is not the owner of the solicitation document. This contract was undertaken with U.S. Communities. This information is not available.*

**(10) INQUIRY:** We have a question in regards to the answer for (7) INQUIRY in Addendum Number 3. Allowing discounts from web price to be considered has the potential to create an unequitable and unfair evaluation determination because all responders are not starting from the same price point before providing their discounts. The web price could potentially be higher than the manufacturer’s recommended list price, which could allow for the opportunity to inflate the discount percentage while not providing the expected savings to BCPS. Our recommendation would be that all category discounts should only be taken from the published manufacturer’s list price in order for all evaluations to be equitable. Can this change be made?

*Response: Discounts from web pricing will not be considered. All discounts must be off manufacturer’s price list.*

All other specifications and terms remain as stated in original document. This addendum is hereby made a part of the Contract Documents, on which the contract is based and is intended to modify, explain, correct and/or add to the original Contract Documents.

**END OF ADDENDUM**

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Anita Randall on behalf of Jamika Bowen  
Purchasing Agent  
Baltimore County Public Schools - Office of Purchasing

Bid file

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