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| AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT | | | | 1. CONTRACT ID CODE | | PAGE OF PAGES 1 9 | |
| 2. AMENDMENT/MODIFICATION NO. 00003 | | 3. EFFECTIVE DATE 12/16/2009 | | 4. REQUISITION/PURCHASE REQ. NO. IQC0917009007 | | 5. PROJECT NO. (If applicable) N/A | |
| 6. ISSUED BY CODE | | SPM300 | | 7. ADMINISTERED BY (If other than Item 6) CODE | | | |
| DEFENSE SUPPLY CENTER PHILADELPHIA Subsistence - FTAE 700 ROBBINS AVENUE PHILADELPHIA, PA 19111 | | | | (X) | | 9A. AMENDMENT OF SOLICITATION NO. | |
| | | | | <input checked="" type="checkbox"/> | | SPM300-09-R-0066 | |
| | | | | | | 9B. DATED (SEE ITEM 11) 11/24/2009 | |
| | | | | | | 10A. MODIFICATION OF CONTRACT/ORDER NO. | |
| | | | | <input type="checkbox"/> | | 10B. DATED (SEE ITEM 13) | |
| 8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) | | | | CODE | | FACILITY CODE | |

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☒ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☒ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment your desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

**13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS.
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

| | |
|--------------------------|---|
| CHECK ONE | A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. |
| <input type="checkbox"/> | |
| <input type="checkbox"/> | B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). |
| <input type="checkbox"/> | C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: |
| <input type="checkbox"/> | D. OTHER (Specify type of modification and authority) |

E. IMPORTANT: Contractor ☐ is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

DETAILS OF THIS AMENDMENT ARE ON THE FOLLOW ON PAGES.

ALL OTHER TERMS AND CONDITIONS REGARDING THIS SOLICITATION REMAIN UNCHANGED.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

| | | | |
|---|--|--|--|
| 15A. NAME AND TITLE OF SIGNER (Type or print) | | 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) | |
| 15B. CONTRACTOR/OFFEROR | | 16B. UNITED STATES OF AMERICA | |
| (Signature of person authorized to sign) | | (Signature of Contracting Officer) | |
| 15C. DATE SIGNED | | 16C. DATE SIGNED | |

This amendment contains three sections, Section I contains the charts presented at the pre-proposal conference. Section II provides the conference list of attendees. Section III provides answers to questions which were submitted in reference to the pre-proposal conference. The answers in Section III are provided for clarification purposes only and do not change the requirements in the solicitation.

Section I – Pre-Proposal Presentation Charts – The PDF file named “Panama Pre-Proposal 15 DEC09 with QUESTIONS and Answers (final)” is attached WITHIN this PDF amendment document under the attachments tab on the left side of the page.

Section II – List of Attendees – The PDF file named “Pre-Proposal Conf Sign In and Attendees” is attached WITHIN this PDF amendment document under the attachments tab on the left side of the page.

Section III – Questions and Answers - Starts of the Following Page

**Pre-Proposal Conference for Panama:
Questions and Answers Addressed on 15 Dec 2009**

1. **Q: Please define original manufacturer?**

A: Manufacturer / producer of the item and growers which may or may not include private label owners.

2. **Q: How do we handle items on the market basket that have not been purchased in over a year and may/may not have been discontinued by the manufacturer? How do we handle items on the market basket where the current cataloged NSN# does not match the NSN# per the requirement on the market basket, although the requirement is for the same spec'd item?**

A: When items requested on the schedule of items are discontinued or are only available with different specifications, the offeror is to identify these discrepancies in the solicitation Attachment 2. Attachment 2, column Z specifies: "If not an exact Spec/Unit Match, please explain the difference between the Gov't item and your offer". Discrepancies as indicated above should be listed here.

3. **Q: In terms of early pay discount (2-10-net 30) when does the clock start? At time of manufacturing? At consolidator? At the port? At destination?**

A: The clock shall start upon the manufacturer /grower/private label owner shipping the product to its first destination (i. e. when it leaves the possession of that party to its first destination).

4. **Q: How do we account for loss, shrinkage, expired product, product shipped in error, etc when we are limited to a 2% cap on quick pay discounts?**

A: The early payment discount maximum of 2% and potential losses indicated in the question are unrelated. All discounts must be declared by the Prime Vendor, both those discounts returned to the Government and those retained by the Prime Vendor.

5. **Q: New items, if a customer identifies a new item he would like the prime vendor to stock, and this item replaces one with an MPA, and is cheaper, how is the Prime Vendor to handle a situation like this.**

A: The customer is subject to the terms and conditions of the contract. There is a ten case monthly minimum to add a new item. The prime vendor must coordinate with the Contracting Officer, Tailored Vendor Logistics Specialist, and the Customer to manage the ramp-up, ramp-down process for new item additions and existing item deletions.

6. Q: Why is the Prime vendor being required to absorb additional costs including: Customer Reviews (\$159.00 per request), Rapid Gate Access Cards (\$185.00 per person, plus \$29 per year for each additional bases), PKI/ECA Cards (\$125-\$175 per year).

A: These are administrative business costs which should be considered when proposing normal distribution prices.

7. Q: Given the Contractor Accountability clause (page 139), how do you expect the PV to hold 60 days worth of inventory for 600t Items with no land based customer? The PV cannot determine time, volume, and number of ships to show up at any given time.

A: Solicitation states "The Government will not reimburse the PV for excess inventory" page 49 Currently the Subsistence PV program successfully supports Navy Ship contracts, the demand in this area is based on regular ship traffic and therefore demand patterns for this area are not sporadic.

8. Q: This will also require the PV to separately slot each item ordered for the Military? Would it be possible to include a clause which states the PV can sell the product within so many days of expired shelf life to commercial customers (provided the PV reimburse the US Government for the transportation and pay the normal customs and duties) to hedge some of the risk involved?

A: The PV is expected to maintain a lean inventory while providing complete service to customers and maintain a 60 day inventory as specified in the solicitation. PV owned stock is the PV's responsibility and how material is disposed of is not DSCP's concern so long as disposal follows U.S. and host nation regulations. At this time, product needing to be disposed of may not be sold to commercial customers. A contractor may file a claim to recoup lost costs when it can show that it has done everything in its power to mitigate product expiration by utilizing its warehouse management system and other resources.

9. Q: Given the fact that the contract is specifically for ships, at this time, would it be feasible to ship direct to the port from a CONUS PV?

A: This would alleviate a lot of the risk and costs associated with holding product, shelf life issues, warehousing, laborers etc. This is not allowable under current CONUS PV contracts.

10. Q: In the solicitation, you mention that distribution fees are fixed for the ship customers as well as the land customers (if added). There are significant cost differences between servicing ships and land customers,. Will DSCP allow the PV to renegotiate the fee's for Land based customers if and when they are added?

A: When the distribution costs are so different for land based customers versus ship customers, the Prime Vendor must submit those price differences to the Government so the Government may determine if they are indeed significant differences.

11. Q: Given the category list and placing ALL frozen items in the same category, how can the PV determine an accurate distribution fee for a low cost high volume item (ground beef) vs. a low volume high cost item such as lobster tails? To determine a more accurate distribution fee it seems the more categories listed the more accurate the PV could determine what it will cost to distribute the item thus a lower cost to the government due to less hedging of risks.

A: DSCP believes the actual costs to store, transport, and distribute frozen product for example, should be roughly the same regardless of the item. There is no difference in the assets being used to perform these functions. Risk associated with distribution of items should be evenly spread out over all items within one category.

12. Q: Will LTL (Less Than full truck Load) containers be allowed given the volume associated with this contract? If so, in what instances?

A: Yes, less than full truck load quantity containers are allowable, however the PV is encouraged to consolidate shipments and send full truck load containers to its warehouse facility whenever possible; the Prime Vendor and its subcontractors/consolidators are expected to volume fill and weight fill containers as much as practicable.

13. Q: Who will be responsible for the cost associated with the product if customs confiscates and/or delays delivery resulting in spoiled inventory?

A: If the contractor causes detention charges to accrue it shall be liable to pay for these charges, not USTRANSCOM, DLA, or any other DoD entity. The prime vendor will be required to pay the USC06 carriers for any detention caused by the prime vendor. Please consult the USC06 contracts for the amounts. The PV owns the product until it is delivered to the final destination, therefore, any costs incurred due to carrier or customs loss/delays will need to be resolved between the PV and the other party involved.

14. Q: Price still based on FOB origin/Point of Manufacture

A: Yes

15. Q: What benefit would an MPA agreement have for the government if the Fixed MPA product price is higher than the current offered price? Isn't this another way of hard spec'ing more high volume items on the market basket thus allowing more financially sound i.e. Big Business to take over more items on the market basket resulting in less small business and lower socio-economic numbers? Who determines the amount of time the price is fixed for an MPA (30 days vs. 6 month's)

A: For Business/Pricing Proposal purposes, offerors must use MPA prices if they are available. Once an award is made, if a lower price is available, please submit fair and reasonable determination and we will have the MPA team query the price difference. Hard spec'ing or branding items which are part of a market basket is conducted by the Food Selection Board for each service(s). MPA pricing is not done for hard spec'ing purposes; any company wishing to enter into an MPA with DSCP may do so whether it is large company or small company. The amount of time prices are fixed on MPAs is determined by the manufacturer and DSCP for a minimum of 30 days.

16. Q: Are there any provisions within the MPA agreement which guarantees volume?

A: No

17. Q: How will the price changes/price re-determination be viewed after the fixed price period expires on an MPA given the state of our economy? How long is the process going to take?

A: Established MPA prices will be determined fair and reasonable by the DSCP Contracting Officer and the fixed time period will be updated to reflect agreed upon prices between MPA holders and the Government.

18. Q: How can you require the PV to mimic an Early Payment Discount plan similar to that of their best customer? The PV has separate agreements with business partners based on relationships, guaranteed volume, logistics etc. Considerable market research has been conducted which indicates that prompt payment terms of 2% 10 days, Net 30 are widely accepted industry standards

A: We will limit early payment discount terms to 2% 10 days, Net 30 to minimize fraud; reference Department of Justice public release document dated 16 November 2009 at <http://www.justice.gov/usao/gan/> and http://www.contractormisconduct.org/ass/contractors/62/cases/1057/1711/agility-food-contracts_indictment.pdf

19. **Q:** If a PV has a more favorable pricing arrangement than an MPA, can they utilize the more favorable pricing?

A: It is unlikely that PV pricing will be lower than an MPA price, however, the PV is free to use the lower price after approval from the Contracting Officer. Per page 82 of the solicitation: All MPA items are required to be placed on the prime vendor catalog at the MPA established price, unless otherwise approved by the Contracting Officer.

20. **Q:** If a large ship places and order with the required 45 day lead time, and the Prime Vendor in Panama receives the product, the carrier cancels the order, who is liable for the cost of this product?

A: This depends on individual circumstances such as when the order was cancelled, how much additional stock was ordered, how divergent the stock ordered is from the regular usage stock, effect on shelf life, and the ability of the Prime Vendor to maintain and distribute the product for “normal” customers.

21. **Q:** How many warehouses are required for this bid? On page 72 it mentions Panama City – one zone. One page 142 it says “Delivery locations are two Ports in Panama “ East Coast - Christobal Colon and on the West Coast - Vasco Nunez de Balboa.

A: It is anticipated that only one warehouse facility will be required: the two ports identified are delivery locations to which the PV will be required to make deliveries. The delivery locations identified are for ship customers and there is a possibility for potential land customers.

22. **Q:** If the Distributer in Panama has Commercial accounts, will they be able to utilize their existing Supply Chain to leverage their buying power and Cost Savings?

A: Yes, as long as the PV adheres to new pricing requirements and other contract terms and conditions.

23. **Q:** Will the incumbent Prime Vendor be locked in on a MPA if there is an equivalent product available for less money?

A: There is no incumbent Prime Vendor for this solicitation requirement.

24. **Q:** Normal Routine deliveries for Ships will be made 6 days after order placement> For larger Ships the lead time will be 45 days! Deliveries are 7 days a week Monday through Sunday?

A: Yes, deliveries are 7 days a week, Monday through Sunday.

25. **Q:** *Note page 143, If land-based customers are added to this region per the contract award terms will apply. On other Contracts, Ships and land-based customers have separate fees!

A: The government will determine if land based customer distribution fees are different from Ship distribution fees in the Panama area and negotiate different distribution fees when appropriate.

26. **Q:** Will authorized Negotiators be included in all correspondence that takes place during negotiations and post award processes?

A: Authorized negotiators will be included in all negotiation correspondence. For Post Award processes, PV employees or representatives will be contacted as appropriate per communication topic.

27. **Q:** This solicitation has a requirement for 60 days worth of inventory to be on hand. Many items will have short shelf-life cycles and if it's necessary to have 60 days of inventory on hand, out-of-code product brought in specifically for the Navy will need to be destroyed. How do you prefer the Prime Vendor recoup that associated cost?

A: Per solicitation pg. 49 under section Inventory & Warehouse Management it states "The Government will not reimburse the Prime Vendor for expired or excess inventory during the life of the contract or after the contract has expired..... The vendor will be responsible for developing his own average monthly demands (AMD) and determining stocking needs accordingly."

28. **Q:** Can you confirm that Prime Vendors will be required to enter into MPA's if they intend to sell their lower-priced distributor labeled items?

A: Yes, Prime Vendors will be required to enter into MPAs when MPAs are available.

29. **Q:** What is the anticipated time frame between the close of the offer acceptance period and the award date?

A: 90 – 180 Days

30. **Q:** The 810 and 832 transaction sets require new data elements that need to be created, i.e. they do not exist in today's commercial supply-chain. Are these firm programming requirements that must be met prior to the contract award?

A: Yes, the new data fields are requirements of the solicitation which any potential awardee must be capable of performing prior to the contract effective date.

31. **Q:** Is it possible to get a product mix analysis sorted by the 6 categories referenced in the solicitation so that a fair pricing schedule can be assigned? There is a wide product value range for items in these categories. Weighted average data would help us reach the lowest possible pricing.

A: “Attachment 2” of the solicitation provides estimated demand per item and indicates to which of the six (6) main distribution categories each item is included. Each contractor offering on the solicitation may determine pricing based on its own pricing model as it sees fit.

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