PROCUREMENT DEPARTMENT
Rm 120 Municipal Services Building
Philadelphia, PA 19102-1685
FAX: (215) 686-4716

CITY OF PHILADELPHIA

Hugh Ortman
Procurement Commissioner

August 5, 2011

BID NUMBER: S2Z57190

TITLE: Reformulated Gasoline with 10% Ethanol and Bio Diesel Fuel (ULSD + varying percentages of BIO made from Soy) Sch 43

DEPARTMENT: Various

DATE TO OPEN: August 10, 2011 at 10:30 AM

ADDENDUM # 1

TO ALL BIDDERS:
You are hereby notified of the following changes to the above mentioned bid:

THE BID OPENING WILL BE POSTPONED TO WEDNESDAY AUGUST 17, 2011 AT 10:30 AM.

Attached are questions and responses resulting from the Non-Mandatory Pre-Bid Meeting for Subject bid No. S2Z57190.

The City reserves the right not to accept any additional questions at this time for subject bid No. S2Z57190.

Please sign, date and return this addendum with your bid to the Procurement Department, 1401 J.F.K Boulevard, Bid Room 170A, Philadelphia, PA 19102-1685 as it now becomes a part of the proposal.

A. Campfield
Buyer, A. Campfield

AUTHORIZED SIGNATURE

FIRM NAME (PRINT)

DATE

AC/sj

Invitation and Bid Number S2Z57190
Reformulated Gasoline with 10% Ethanol and Bio Diesel Fuel (ULSD + Varying Percentages of Bio made from Soy)
Non-Mandatory Pre-Bid Meeting of Tuesday, July 26, 2011
Questions and Answers

Question #1

On page 19 of 40 of the bid, the bid states that for deliveries made when no City official is present, that the vendor must notify Larry DeLaurentis. Is this only for the Firehouse locations, or does this apply for all locations?

Response:

The fire locations are the only locations that have this issue since they are emergency response or due to brownouts as described in our bid document. This should not occur with deliveries to other locations, (please refer to 24/7 questions below for more details.)

Question #2

How much is the USTIF fee, and are vendors being asked to place the fee in their margin or to collect it as a separate line item?

Response:

Item 2.11.2 discussed the USTIF charge. Currently it is $.01 per gallon. This tax is added to the invoice as a separate line item under gallons delivered.

Question #3

Aside from any MBE, WBE, and DSBE subcontractors, should vendors elect to use common carriers that are not under contractual obligation to said vendors to deliver all of the fuel under this bid, would the City consider these carriers to be subcontractors?

Response:

Yes.

Regardless, should a vendor not own any vehicles, should the vendor collect and pass along all of its subcontracted carriers' driver training manuals to satisfy the requirement stated on page 20 of 40?

Response:

Yes.

Question #4

Must bidders bid all of the bid products and deliv ery methods; i.e. may vendors elect to only bid on the transport or tank wagon portions of the bid?

Response:

Bidders must bid on and deliver entire section (e.g. extended total of 5.1.2 or extended total of Section 5.2.2).

Question #5

Could you please provide the City's FEIN? We need this information for the $600 bid processing fee.

Response:

23-6003047

Question #6

What is the anticipated award date for this bid? Will the award be m ade at a City board meeting?

- If so, how often does the board meet?

Response:

It is the intent of the City of Philadelphia Procurement Department to make an award upon completion of the Bid Evaluation and Award process as referenced in Section 3 of the Invitation and Bid. City Board Meeting is Not Applicable to this Invitation and Bid.

Question #7

Would the City accept an alternate bid with a firm fixed price to begin the contract in place of having the option to lock in a firm price at a later date?

Response:

No.

Question #8

What are the City's actual payment terms, i.e. net 30 by check, net 10 by credit card, etc.?

Response:

The City attempts to process payments in a timely manner, generally within 45 - 60 days following acceptance of the goods or services. Delays can occur because of incomplete or inaccurate invoicing information. Common causes for payment delays include:

- *purchase order number is missing;*
- *mathematical errors;*
- *invoice not sent to "Invoice To" address on purchase order;*
- *unit of measure and/or unit price does not agree with the purchase order;*
- *other discrepancies between the invoice and purchase order.*

The Procurement Department acts as the contracting agent for City departments. Receiving and accepting products and services, and promptly paying vendors are the responsibility of the receiving City department. Vendors should bring any problems concerning payment to the attention of the appropriate City receiving department. The name and number of the contact person can generally be found on the purchase order. Vendors not current on their Philadelphia city taxes, including city wage, net profit, business privilege, and use and occupancy, will have their payments held by the City Controller's Office until their obligations are met. If all necessary paperwork has been submitted to the department and questions remain, vendors should contact:

City of Philadelphia
Accounting Verification
Room 1340 Municipal Services Building 1401 J. F. K. Blvd.
Philadelphia, PA 19102
Tel. 215-686-6169

Question #9

Are the delivery hours for every location 24 hours a day, 7 days a week, excluding holidays?

Response:

Section 2.17.1 provides for vendors to deliver 24/7. In reality the 24/7 applies during emergency situations as described in 2.17.2. Normal deliveries shall be during the City's normal business hours at each location. The awarded vendor shall receive a list of normal business hours upon award of bid.

Question #10

Would the City please provide a list of vendors that were invited to participate in this bid and / or received a copy of the bid specifications?

Response:

This information can be obtained by contacting the City of Philadelphia Procurement Department Public Information Unit of (215) 686-4755 or (215) 686-4756.

Question #11

Has the City ever locked into firm fixed prices during its past fuel contracts?

Response:

Yes.

Question #12

Who is the City's current fuel provider?

Response:

Superior Plus Energy.

What is this supplier's pricing structure and current fuel margins?

Previous Bid Results information can be obtained by contacting the City of Philadelphia Procurement Department Public Information Unit of (215) 686-4755 or (215) 686-4756.

Question #13

For the ease of both the City and contractor, would it be possible to amend the gasoline pricing structure to be the same as the biodiesel, which would be pricing the gasoline over the OPIS publication?

If not, why does the City wish to purchase gasoline over the Platt's publication?

Response:

The City has found Platt's pricing a better cost for City.

Question #14

Would the City please provide a list of all MBE, WBE, and DSBE vendors that the current contractor is using, along with the contract percentages the current vendor is fulfilling?

Response:

Bidder may contact the Office of Economic Opportunity (OEO) at (215) 683-2000 as described in bid package for all questions and request for information.

Question #15

Will the City give a preference to bidders that provide a 5% WBE participation over those that provide a 1%?

Response:

No.

Question #16

Will the City pay for any demurrage charges that it accrues by ordering too much fuel for a delivery?

- How are vendors to comply with the requirement that, in the event the above occurs, that each delivery should be accompanied by a metered ticket if the truck does not have a meter originally?

Response:

In the event t this scenario occurs the first site that ordered the fuel will receive the bill of laden and seal. As stated in section 2.5.2 the fuel coordinator must be notified and then he/she will provide another nearby site to drop the remaining fuel. The second location will receive a metered drop and meter ticket provided to that location. The vendor has the right to price the fuel provided to the alternate location at the tank wagon price. Section 2.5.2 language shall be followed when submitting an invoice.

Question #17

Should a vendor ever deliver a biodiesel blend higher than 2%, would vendors be required to price the invoices over the 2% price posting and using the same margin?

Response:

That is correct, once the state of Pennsylvania increases it mandate to 5% the 5% pricing shall be provided as required in section 5. The differential shall remain the same.

Question #18

Has the City ever ordered a biodiesel blend of more than 2%?

Response:

Yes, the City has utilized Bio fuel in both B5 and B20 blends in the past.

Question #19

Will the bids be read out loud at the public opening?

Response:

Yes.

- Will attendees be allowed to examine the submitted bid documents at the opening?

Response:

No. Bid Results will only be available only after the award process has been competed by the City.

Question #20

On page 34 of 40 of the bid, the bid speaks about a "quality differential" in concern to firm fixed prices. What is the City's definition of a quality differential?

Response:

Bidders shall refer to Page 34, Paragraph 3 of the Invitation and Bid.

Question #21

For the City's local preference, if a company used a local subcontractor, could the primary bidder receive any portion of the local preference?

Response:

Bidders shall refer to the Local Business Entity (LBE) Regulations on the City's Website at www.phila.gov/bids (LBE Regulations are located on left column).

Question #22

Section 2.2 of Bid S2Z57190 shows that the City may require various blends of Bio (B100) of 2%, 5%, 10% and 20%, however there is no explanation of how to price the higher ranges of bio blend. Will the City accept a bid now on these higher blends of Bio?

Response:

The City may require various blends of Biodiesel fuel where as the Bio meets the specification listed in section 2.2. In section five the bid provides explanation in the fifth paragraph " The weekly price for Biodiesel (100) various blends with the Ultra Low Sulfur Diesel #2 shall be determined by using the ***OPIS PADD1 Report, 5 day average, Harrisburg PA. ULSA SME 2% Biodiesel,*** *that is effective for each day of the week prior to week of delivery". In the event that the City requires a higher percentage the vendor would supply the* ***OPIS PADD1 Report, 5 day average, Harrisburg PA. ULSA SME % biodiesel,*** *report for the higher percentage blend. Your differential shall remain for the life of the contract.*

Question #23

Section 2.2 of Bid S2Z57190, footnote #4 shows the feedstock as " must be soy based". The ASTM specification for Biodiesel, ASTM D6751 allows for biodiesel to be produced from various feedstocks and does not specify a specific feedstock. We are requesting that the City change this line to read feedstock neutral.

Response:

The City shall change footnote #4 of section 2.2 to read:

Feedstock shall be from virgin soybean, rapeseed, corn oil, or canola oils. This description of feedstock follows the State of Pennsylvania commercial item description for Biodiesel fuel (B100).

Question #24

Can the City give an indication as to which tanks are above or below ground?

Response:

Bidders shall refer to Page 20, Section 2.18 of the Invitation and Bid.

Question #25

Is a Performance Bond required?

Response:

If the awarded contract is over $500,000, the successful bidder will be required to submit an individual Performance Bond in the amount of 100% of the contract award. Bidders shall refer to Page 27, Section3.2.4 of the Invitation and Bid.

Question #26

There is a $600 Non-Refundable Bid Processing Fee that is due with the bid. What type of processing does this fee include?

Response:

The Processing Fee consists of various administrative tasks including the duplication and distribution of all bids received.

Question #27

The products requested will be loaded in Philadelphia Harbor and delivered to locations in the City of Philadelphia. Therefore, the postings for these products can and should be Philadelphia Harbor prices. The desired publications, Platt's and OPIS, are still applicable. Also, daily pricing should be used so both the City and the vendor can stay with the current market. This should result in lower differentials.

Accordingly:

Will the City change the base reference price from Harrisburg (ULSD) and New York (UNL RFG 87) to Philadelphia?

If not, Why?

Response:

The City previously referenced the Harrisburg (ULSD) posting because the Philadelphia (ULSD) posting was non-existent. The City hereby agrees that it will reference the OPIS PADD 1 Report, 5-Day Average, Philadelphia, PA, ULS2 SME Biodiesel after award of the Invitation and Bid.
It is the intent of the City to continue referencing the Unl RBOB (.9) + Ethanol NYH 5-15 (.1), Product Price Assessments, New York / Boston "Barge" posting. The reason for using the Platt's N.Y. harbor posting is it's the same as the delivery point for the NYMEX, if you are hedging product it allows for a consistent pipeline tariff and costs to the Rack and consistency against the hedge. Platt's is the price that product is being sold and purchased at the pipeline transfer point at the NY Harbor by the refineries and imports. Other postings will likely reflect local influence...the City wants fair value and that's what we should get with Platt's.

Question #28

In fairness to the City and the vendor and in order to stay with the market, will the City use daily pricing?

If not, Why?

Response:

There has been No statistical analysis provided to the City which demonstrates that the Daily Price is a consistently lower price than the 5 -Day Average price therefore, the City will continue to utilize the 5 -Day Average.

The City will, however, conduct a statistical analysis during the first year of the contract period to make its own determination whether there is a difference in utilizing the Daily Price or the 5-Day Average. Upon completion of the results of this analysis the City will determine, in the best interest of the City, which pricing method it will utilize in future competitive bids.

Question #29

The bid in section 2.5.2 calls for all transport loads to be sealed at the term inal and delivered with seal intact to one location. The seal is to be removed only upon arrival at City site and provided to attendant. Will the City accept metered drops in place of the sealed delivery.

Response:

The method of TRANSPORT delivery is specifically stated in the bid. In the case that due to unseen circumstances a transport load must be metered the awarded vendor must call to the OFM coordinator prior to delivery to get authorization for a non sealed delivery. This shall be the exception not the rule. Transport loads must be sealed. If a vendor repeatedly requests authorization to deliver as metered and not in compliance with the bid section calling for the fuel to be metered into the transport and seal installed at terminal OFM shall consider this as non -compliance of the contract and will contact Procurement to initiate resolution or default.