

April 12, 2013 CLARIFICATIONS AND AMENDMENTS:

Pursuant to Section 1.5.3, Page 7 of the Transportation Services RFP, the NHSLC has the authority to amend the RFP at any time and at its sole discretion.

In Section 1.3, Page 6, the NHSLC stated that official responses, official answers, and/or written information issued in writing by the Issuing Officer shall be the same as amendments. The NHSLC has consolidated or paraphrased submissions for sufficiency and clarity.

The vendor inquiry period ended on April 5, 2013. The NHSLC received questions before that deadline related to previous answers. The answers to the most recent questions are set out below and arranged in chronological and numerical order based on when they were published on our website.

Clarification:

It bears repeating that the NHSLC is planning for delivery to retail stores using a single warehouse system starting in February, 2014. Most importantly, the new single warehouse plan is different than the current two warehouse system because, among other things, loading and delivery will take place on the same day. It will be a mistake to rely on the current system.

Also important is that the main proposal requested by the NHSLC is for delivery to retail stores, not deliveries to licensees. Co-mingling state-owned loads with licensee loads presents a number of unknown variables such as whether a licensee picks up its own loads or has an existing contract with a carrier to deliver loads. The NHSLC anticipates that the efficiencies in the new system will result in fewer, fuller trailers and licensee deliveries may not be feasible.

Above all, the new system will work. It may present a challenge when presented with approximate numbers and a request for routes on multiple days. In reality, the challenge will be, on a basic level, solved one day at a time

On April 3, 2013, the NHSLC presented a problem for delivery to retail stores from a single warehouse to the vendors and asked for a solution. The problem is hereby amended so that the solution requires a proposed delivery schedule for four specific weeks listed below. The NHSLC has made clear that the problem scenario is not what will ultimately be used once the system is up and running and a myriad of details have been worked out. The problem is, however, sufficient for a vendor to give a high level solution with sufficient detail to be compared to other vendors. The NHSLC expects that it will revisit acceptable solutions to refine them during the RFP process.

Using Revised Appendix M, a vendor is required to provide a proposed delivery schedule for:

the second week in February,
the second week in May,
the second week of October, and,
the second week of December.

In an effort to give guidance, the NHSLC presents a snapshot of one cycle under the new system, after February, 2014. The NHSLC seeks innovative solutions. Do not take the example as preventing other transportation solutions.

To start at the beginning of the problem year and the beginning of the week, Sunday and Monday in the example, this is what is intended.

At the beginning of the day on Sunday, February 2, 2014, there will be no equipment that belongs to the transportation vendor at the Bow facility. The transportation vendor will have used the weekend as needed to perform maintenance. This may include charging electric pallet jacks.

At 8 PM on Sunday, the transportation vendor will deliver empty trailers to the Bow warehouse with sufficient equipment to make deliveries. The trailers will be opened and placed at a dock. The transportation vendor's equipment will be removed by the vendor. The number of trailers may vary. For this example, use 10 trailers. Assume there will not be live loads, i.e. these 10 trailers will not be attached to tractors while they are being loaded. 9 of the 10 tractors will leave the Bow warehouse. A single tractor may remain at Bow until 1300 on Friday. After that time all transportation owned material will be removed to the transportation vendor's hub. See April 2, 2013 answers to questions 18, 22, 35, 46, 50, 63 and 122 for more details. A "yard man" will remain at Bow until 2400 Sunday.

Yard man is a misnomer. The transportation vendor is required to move trailers, prepare them for loading, perform accurate counts of the product, secure the load, return the transportation equipment to the trailer, prepare the trailer to be closed and move the trailer away from the warehouse. The transportation vendor must propose how this will be done. The yard man will leave at 2400.

Orders will be sent by the NHSLC and received by the transportation vendor by 2335 hours on Sunday. Revised Appendix M contains the volume of orders and the stores that need deliveries. The transportation vendor will develop routes to deliver the orders. It will communicate the routes to the warehouse by 0400 on Monday through Friday. But we will focus on Monday for the purposes of this example.

A yard man/men will arrive at the Bow warehouse by 0400 Monday to accomplish the transportation vendor's duties. The warehouse will notify the transportation vendor when trailers will be available by 0500 on Monday. If a trailer needs to make an early delivery, see revised Appendix I, the warehouse will work with the transportation vendor to make

the trailer available at an appropriate time. Remember that the Bow warehouse is located north of the Nashua warehouse and that trips to northern and western stores will take less time. In any event, trailers will become available throughout the morning and conclude by 1200 Monday.

In this example, return to the 10 trailers from Sunday that will still be at the warehouse at 0500 on Monday. Once the transportation vendor provides route information at 0400, the warehouse will start to stage loads. By 0500, the warehouse vendor will notify the transportation vendor when the trailers will be ready and when and where new trailers will be needed. The yard man/men will check each load, confirm its contents and accept it. The load will then be put on the trailer by the warehouse personnel. The transportation vendor will reload its equipment and close the trailer, which may involve moving it depending on the type of door. Once the trailer is closed, the warehouse will place a seal on it. The trailer will be connected to a tractor and leave on its route as soon as possible after it is sealed. A trailer loaded for an early morning run may remain at the warehouse facility for several hours before it leaves.

When the trailer arrives at a retail store, the seal will be broken by an NHSLC employee. The trailer will be unloaded as described in these answers. The NHSLC will confirm the delivery and seal the trailer. The trailer (and tractor) will then proceed to its next retail store where the process will be repeated.

As already noted, one or more of the trailers may leave shortly after 0500. The transportation vendor may bring a “new” empty trailer to the warehouse and swap it for the loaded trailer. A driver will take the loaded trailer and make deliveries. This sequence will continue until all the orders have been loaded and the trailers have left. At the end of the day on Monday, the transportation vendor will have the number of empty trailers requested by the warehouse staged at the warehouse in the appropriate condition, including clean and with all necessary delivery equipment. As explained below, 7 trailers will be dropped at specific stores. The remainder of the trailers, tractors and any equipment not needed in the staged trailers will be at the transportation vendor’s hub.

Revised Appendix M begins on Monday, February 3, 2014. [Note that the title has been changed on the website.] In effect, it represents an approximation of the orders that will be received by 1135 on Sunday, February 2, 2014. For the four weeks identified above, the transportation vendors will need to review the stores that require a delivery on each day, the volume that needs to be delivered and develop a route. The same exercise needs to be performed for all the delivery days during the four weeks based on the estimate of volumes contained in Revised Appendix M. These weeks represent peak and non-peak periods. After the transportation vendor calculates routes as required by the RFP it will provide the routes and the rates to the NHSLC by Noon on April 30, 2013.

There are stores that need early deliveries as set out in Appendix I. There are also stores that will require very large deliveries on Mondays and smaller deliveries at other times. The high volume stores are 34, 50, 66, 67, 69, 73, and 76. The NHSLC will require that

sealed trailers be dropped at these stores to be unloaded by store personnel and then replaced the following day. There is no minimum number of pallets required to do so.

While on the subject of store personnel, the NHSLC intends that the transportation vendor be responsible for moving Product within the trailer at a hand off store. Whether this is done with a jack or rollers is up to the transportation vendor. The store personnel will use electric pallet jacks to unload product from the back of the trailer or off the lift gate of the truck.

Except where a sealed load is dropped, the transportation vendor will wait until the load is checked by store personnel. When the driver waits and there is a shortage or overage, there will be no question that it is the warehouse's issue. The NHSLC expects that it, the warehouse and transportation vendors will reach an understanding regarding this issue that will make it as efficient as possible. Again, the size of the load is provided in Appendix M. The 10 cases delivered to store 3 on 2/3/24 should not slow the driver.

One more note, some stores have limited capacity to accept a load at one time. See Enclosure 1. The NHSLC has taken this into consideration in developing Appendix M. Nevertheless, at some times, especially peak periods, two deliveries will need to be spaced apart on the same day. Take store 62 which can accept 6 pallets. If Appendix M requires a delivery of more than 6 pallets, there must be two deliveries with enough time between them so that store personnel can put away the first delivery. This does not mean that two different trailers must be used. A route may be developed with store 62 as an early delivery and then a return visit by the same trailer later in the day.

Contract Rates

The NHSLC has reconsidered its original requirement for vendors to quote a transportation rate that will be effective for the entire length of the initial contract (5 years). Given the circumstances surrounding the transition to a new warehouse contractor, the NHSLC agrees to review the rates established in the transportation services contract after 18 months (April 2015) and to modify those rates if circumstances warrant. The NHSLC anticipates that if new rates are established, they will remain in effect for the remainder of the initial term of the contract.

This rate review will entail either party presenting a comprehensive and detailed proposal for a change in rates which could be an increase or decrease. The parties will negotiate in good faith. The failure to negotiate in good faith will be grounds for termination of the contract. If the parties can not resolve the rate issue, they may agree to non-binding mediation. If the rate issue is not resolved, the commissioners will conduct an adjudicative proceeding and issue a decision. Either party may appeal the decision to the NH Supreme Court. RSA 541.

Licensee Volume

The NHSLC is not in a position to provide individual licensee product volume other than to indicate that during CY12, approximately 1.5 million cases were purchased by our licensees. The NHSLC can not provide specific information on how much of this licensee product, if any, will be available for transport by the transportation vendor. These on and off-premise licensees may have current contracts for delivery of their product with other transportation companies that will continue after November 1, 2013. Some licensees currently pick up their own product from the warehouse.

It is the intention of the NHSLC to make the delivery system more efficient by the use of a single warehouse and faster delivery. The result of these improvements may be that the NHSLC will determine that the best solution is limited to delivery of product to the retail stores and does not involve co-mingling licensee product with state store product. This is why the main proposal is exclusively delivery to retail stores. While there are two other options, it is the main proposal that will be the initial focus of the NHSLC.

Further Clarification to Answer provided on March 14, 2013

Question 2 – The cases that will be co-mingled by the warehouse will be on pallets. Thus, the transportation vendor will be transporting pallets and the warehouse will be cross-docking these pallets onto loads destined to the appropriate store.

Further Clarification to Answers provided on March 29, 2013

Question 23 – In terms of planning loads, the transportation vendor should assume the average number of cases on a pallet is 50.

Question 38 – The warehouse vendor will make the infrastructure available for the snow scraper. This includes the base and power. The transportation vendor will be responsible to provide the snow scraper itself. The transportation vendor will be responsible for any maintenance or repair costs associated with the snow scraper.

Question 125 – The Bow warehouse does not have the ability to store trailers inside.

March 29, 2013 Clarifications and Amendments

Questions & Answers:

Questions 4, 5, 12, 103, 104, 105 and 106: If all of these questions are “legal issue beyond the scope of the NHSLC” then within whose scope is it? Who will be responding to the question?

Answer – Legal issues presented by state agencies are within the authority of the Attorney General. A private vendor may not demand a legal opinion from the AG.

Question 16: Is a Vendor required to use manually operated pallet jacks which may have difficulty negotiating the slopes from the trailer into several stores and the thresholds at lift-gate stores?

Answer – In the answer to Question 16, the NHSLC provided examples of equipment the transportation vendor needed to remove from the trailer before loading. One of the examples was a manual pallet jack. Manual pallet jacks are sufficient for most pallet stores but some stores will require an electric pallet jack due to the slopes from the trailer into several stores and due to the thresholds at lift gate stores. Electric pallet jacks are recommended.

Question 16: How will electric pallet jacks be charged if they are out on routes performing deliveries during the day? Will the warehouse provide space and charging ability?

Answer - The Transportation Vendor must propose a solution to this question. If the Transportation Vendor cannot solve this issue, it must explain why, including how long a pallet jack retains a charge under normal use and why a sufficient number of jacks cannot be charged at the transportation hub during the course of a normal day. In an emergency, a pallet jack may be charged at the warehouse.

Question 19, 84, and 93: Are there drop thresholds at the following stores 34, 50, 66, 67, 69, 73 and 76?

Answer – No, there is no minimum number of pallets required to drop a trailer at these stores. In fact, the NHSLC will require that trailers be dropped at these stores and left to be retrieved the following delivery day. This will save time for the transportation vendor.

Question 19, 84, and 93: Are there stores where trailers cannot be dropped and there is a limit to the number of pallets that can be delivered at one time?

Answer – Yes, Please refer to the list of pallet stores in Enclosure 1 below. It may be necessary to divide the cases required into two deliveries spaced apart in a single day in order to stay within the limits at a particular store..

Questions 27, 58, 61, 62: What is the NHSLC’s vision, even if answered in narrative form, for having sufficient personnel, equipment and resources available to efficiently receive all deliveries?

Answer – The NHSLC intends to have sufficient personnel, equipment and resources available to efficiently receive all deliveries.

Question 29 and April 2nd Question 18: The NHSLC’s intended vision for the electronic proof of delivery technology it expects the Vendor to use, and how it will interface with the NHSLC stores, NHSLC HQ, and Exel remains unclear. This is a significant cost item and one which requires significant research. Please provide an example of the technology for the electronic proof of delivery which the NHSLC seeks to utilize. Does Exel have the technology the NHSLC requires the transportation vendor to use to meet this requirement?

Answer - The bill of lading files will be available for down loading into a Proof of Delivery (POD) device such as available from Intemec or Symbol. The NHSLC envisions that the device will be able to accept the inventory file from the NHSLC. The device will also be able to verify delivery at each stop and when cradled at the end of the day transmits its data back to the NHSLC.

Question 41: Please provide the excel rate template to be used to financially score each proposal so the bidders understand how the rate proposals will be scored.

Answer – The NHSLC declines this request.

Question 56, 90: Do stores accept delivery before their scheduled “open”?

Answer – See Appendix I (Revised) previously provided. The NHSLC and the transportation vendor will be business partners. The NHSLC will work with its business partner to accomplish the work that needs to be done. For example, during peak periods, stores will accept deliveries when necessary at a reasonable time earlier than their opening time.

Question 65: Does the driver wait for a case count?

Answer – The answer to Question 65 applies effective November 1, 2013.

Question 66 and 121: Do any stores receive weekend delivery?

Answer – There have been a few weekend deliveries in the past. We anticipate that with growing volumes and special requirements, weekend deliveries may increase in frequency in the future.

Question 68: Do the warehouses load the trailers for shipment the day prior to delivery?

Answer – Until there is a single warehouse, some trailers may be loaded for shipment the day prior to delivery. Once there is a single warehouse, the trailers will be loaded and delivered on the same day.

Question 85: Do stores 34 and 49 also regularly have box trailers staged at the store?

Answer – Yes. Stores 34 and 49 (in addition to Stores 66 and 67) have box trailers staged at the store on a regular basis.

Question 94: Do store delivery times vary widely during the week and from week to week depending upon volumes?

Answer – The answer to Question 94 is amended to substitute “day” for “time.”

April 2, 2013 Clarifications and Amendments:

Questions 35, 46 & 50: Please create a narrative defining the new weekly operation of the warehouse and the transportation provider.

Answer – Questions 35, 46, and 50 are about the Bow warehouse. When the Bow warehouse is operational, the process for delivery will be different than the current process. In these answers and in the narrative at the beginning of this document, the NHSLC continues to explain how the new system will work.

Question 63: Does this requirement pertain to Exel as well?

Answer - Section 1.5.1 requires a Vendor to submit a Proposal without consultation or communication with any other Vendor

Question 63: This answer indicates that the Exel facility will be open after 8:00 pm Sunday night. Will Exel be picking orders Sunday night?

Answer – The Bow warehouse will be open to receive empty trailers on Sunday night at 2000 hours. Exel’s picking schedule is not an issue. The question is when will the loads be ready to be verified? That will not occur until after the transportation vendor has provided a route schedule to the warehouse. The route schedule must be provided by 0400. The warehouse will notify the transportation vendor when shipments are ready to be verified by 0500.

Question 63: Why must all equipment be removed from the Exel site over the weekend?

Answer – This is a security and liability issue. As previously stated in the answer to Question 63, the transportation contractor must provide a hub or facility where tractors and empty trailers can be stored securely.

Question 122: Please define “chimney loaded” and the expected average cases per pallet. Does the NHSLC envision as a result of pallets being “chimney loaded” that the yard driver will be able to count every case on the pallet? Based upon our interpretation of “chimney loaded”, we have great concerns about the stability of the pallets during transport and unloading, and question the operational feasibility of having the driver count every pallet prior to loading. Please define the NHSLC’s expectation in this regard, to include how the driver would check against an electronic manifest for each pallet.

Answer – A pallet is chimney loaded so that the warehouse can inventory the contents of the pallet and double check that it is accurate. The pallet is built so that there are no cases in the middle of the pallet, and all cases are visible. There are approximately 50 cases on a chimney loaded pallet. An additional advantage to chimney loading is that the transportation vendor can confirm the contents of the pallet for their own inventory and bill of lading purposes. Exel has used this technique with great success at other warehouses. The NHSLC does not anticipate that the stability of pallets will be an issue.

The NHSLC expects a transportation vendor to propose how it will receive and confirm inventory. If a vendor can not solve this problem, it should take an exception and explain why.

April 3, 2013 Clarifications and Amendments

The April 3rd amendment states: “Please provide us with the routes you design and the calculations and factors used to create your per case cost. In other words, please show your work.”. Are you requiring a load by load delivery schedule for each day of the year? Please define how bidders are expected to respond to this amendment in their proposals.

Answer – Appendix M has been revised to reduce the number of cases within the limits that a store can receive in one delivery. The NHSLC has provided as much information as possible so that the Vendors can calculate a reasonable price. The NHSLC, in the narrative above, has identified four weeks for which it requires each Vendor to provide a delivery schedule.

Every effort will be made to provide consistent and even loads to the stores on a regular basis.

New Questions:

Question 143 - Are there delivery sites with hazards: tight docks / backing in off street / unusual delivery requirements, etc.

Answer – There are some stores with narrow delivery areas/loading docks. None involve stopping traffic flow to back in from the street. See Revised Appendix I.

Question 144 - Are there any unattended / night time delivery requirements?

Answer – No.

Question 145 - What is the degree of the unloading process and does it involve the use of hand trucks, pallet jacks (type?)

Answer – Please see previous responses to this question. Appendix I (Revised) posted on March 29, 2013 in Amendments & Clarifications to 5-Year Transportation RFP shows which stores are pallet stores and which stores are roll off stores.

Question 146 - If electric pallet jacks are required, will the DC provider allow these to be charged daily in their warehouse?

Answer – Electric pallet jacks are recommended. They may be charged at the warehouse only in an emergency.

Question 147 - Will the DC provider allow our maintenance vendor in their facility to perform repairs on the jacks?

Answer – Yes, when necessary due to an emergency. Normal preventive maintenance will be performed at the transportation vendor's hub.

Question 148 - Could you offer a better understanding of the store assisted unloading process?

Answer – The driver's responsibility is to move cases to the end of the trailer and place them on rollers where the product rolls into the store. Store personnel will remove the product from the rollers and stack inside the store. In the case of pallet delivery, the driver will either use a liftgate to move the pallet to ground level where store personnel will handle with a pallet jack or, in the case of a loading dock, move the pallet to the end of the trailer where store personnel will move the product from the end of the trailer into the store.

Question 149 - Certificate of Insurance requirement: "\$2,000,000 on any loss incurred by the carrier". Could you elaborate?

Answer – The transportation vendor is responsible for all state-owned product while it is the possession of the transportation vendor. The NHSLC must have the benefit of insurance for any losses that occur while the product is in the possession of this vendor. The RFP requires a Certificate of Insurance with limits of \$1,000,000 per incident. The NHSLC estimates that an average trailer load of product is valued at approximately \$250,000. The second number, \$2,000,000, is intended to provide an aggregate. We are reviewing whether the aggregate is for a single year or a longer period such as the term of the contract. We will respond as soon as we have a further answer to this question.

The successful transportation bidder will have to provide a certificate of insurance from their insurance carrier that will become part of the transportation services contract.

This Certificate of Insurance is obtained from the Vendor's Insurance Company. At the time of submitting the bid, the Vendor must file a signed statement from a licensed insurance agent or broker that an insurance company authorized to write insurance in New Hampshire will insure said Vendor.

Question 150 - Any COD deliveries?

Answer – No.

Question 151 - Would we load our own trucks (page 30 seems to indicate not)? If not, is it shipper load & count?

Answer – No. Warehouse personnel will load trailers.

Question 152 - The drivers must wait in the lounge. Page 32 talks about being responsible for product condition from the time of departure?

Answer – The personnel of the transportation vendor are allowed into the warehouse to verify the shipment. Any contrary requirement is eliminated. The transportation vendor is responsible for verifying the load on the trailer. The driver or the yard man may perform this task.

Question 153 - How long would the loads sit after the loading process is complete? Are the lots secured lots at the DCs?

Answer – When the trailer is loaded and sealed, the driver will depart as soon as possible.

Question 154 - Average number of stops per load?

Answer – This depends on the amount of product per store. In the most general estimate, between one and ten. Please refer to Revised Appendix M.

Question 155 - Will the operation need to utilize any reefer trailers?

Answer – The use of reefers (refrigerated trailers) is not anticipated at this time.

Question 156 - If product is co-mingled from the two DC's, will the product require double handling upon delivery or will the load be rearranged / reloads at the second DC to avoid double handling?

Answer – Beginning in February 2014, all co-mingling will be done at the Bow warehouse. The loads will be loaded based on delivery sequence information provided by the transportation contractor. From November 2013 to February 2014, all parties will work together to arrange sequential deliveries and to minimize the double-handling of product.

Question 157 - Explain the responsibilities of the yard driver to “supervise loading activity”

Answer – The yard man or driver is responsible for moving trailers in and around the warehouse loading area. The yard man may also verify loads. See answer to Question 152.

Question 158 - Will our driver be responsible to apply shrink wrap to the pallets? (pg. 33) Are the drivers required to build the “unitized” pallets in the back of the trailer or is that done at the DC?

Answer – The warehouse is responsible for building and shrink wrapping pallets as well as placing the pallets in the trailer.

Question 159 - It appears the stores will supply and maintain the roller systems? Is the carrier to provide other “conveyor sections” compatible with the store roller systems?

Answer – Yes, the stores supply and maintain their roller system and the carrier provides a roller system compatible with the store roller system.

Question 160 - Will drivers be allowed on the dock at the DCs to sweep out the trailers or is that to be performed at the delivery sites, etc.? (pg.36)

Answer – No. All trailers will be delivered to the warehouse already cleaned and ready for loading. We expect this to take place at the transportation vendor's hub.

Question 161 - How will we build full trailer loads of pallets (usable & unusable) and cardboard? Will we have access to the DCs dock to trans load pallets, etc.?

Answer – The transportation contractor will assemble pallets at the transportation hub and deliver trailer loads to the Bow warehouse. Regarding cardboard, four stores (34, 49, 66, 67) have empty trailers provided by the transportation vendor. The stores place empty boxes in these trailers. When the warehouse makes a request, the trailer is then

delivered to the Bow warehouse for use in the single pick bottle program. The warehouse will call the transportation vendor when boxes are needed.

Question 162 - What are “other store supplies” that we would deliver? (pg. 38)

Answer – Supplies such as office supplies, paper products, merchandising information, cleaning supplies, etc.

Question 163 - When there are store transfers, are they planned so that the equipment type is compatible to each store’s delivery situation (dock to dock, etc.)?

Answer – Store transfers are typically one or a few cases of product. Store transfers are usually placed on a trailer that has made a delivery at that store. If there is a significant amount of product to be transferred, the NHSLC will coordinate in advance with the transportation vendor.

Question 164 - There are numerous stores that require hand unloading. Are the roller systems used at these locations?

Answer – Yes.

What is the average weight per case?

Answer – Approximately 30 - 40 pounds

Enclosure 1 – April 12, 2013

Pallet Stores

Following is a list of our stores that currently receive pallet delivery. The number of pallets noted refers to the maximum number of pallets each store can receive in one delivery.

As a reminder, this list will change during the contract period as some stores will be converted from case delivery to pallet delivery.

Store Number of Pallets

1	8
2	10
6	13
7	15
8	7
10	10
11	7
15	14
16	7
21	10
22	8
23	11
25	8
27	20
32	12
33	10
34	drop
38	18
44	15
48	28
49	16
50	drop
53	14
54	10
55	13
56	10
59	5
60	16
62	7
66	drop

67	drop
68	14
69	drop
73	drop
76	drop