

# BID SOLICITATION



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
 CAPITOL HILL  
 PROVIDENCE RI 02908

**BID NUMBER: B06380**  
**TITLE: CIGARETTE TAX STAMPS-MACH APPL**  
**BID OPENING DATE AND TIME:**  
**06/09/2006 11:15 AM**

BUYER: JOHN COWELL  
 PHONE #: (401) 222 - 2142 ext. 114  
 BLANKET PERIOD: 7/1/2006 - 6/30/2009

**B** ADMINISTRATION  
**I** DOA CENTRAL BUSINESS OFFICE  
**L** ADMINISTRATIVE SERVICES  
**L** ONE CAPITOL HILL, 4TH FLOOR  
**T** SMITH ST  
**O** PROVIDENCE RI 02908

**S** ADMINISTRATION  
**H** DOA DIVISION OF TAXATION  
**I** ONE CAPITOL HILL, 1ST FLOOR  
**P** SMITH ST  
**T** PROVIDENCE RI 02908  
**O**

Requisition Number(s): R68A070720

Item	Class-Item	Quantity	Unit	Unit Price	Total
	BLANKET REQUIREMENTS: 07/01/06 - 06/30/09  MACHINE APPLIED CIGARETTE STAMPS AS PER ATTACHED SPECS TOTAL ESTIMATED STAMPS 45,000,000 PER YEAR FOR A TOTAL OF 135,000,000 STAMPS				

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DELIVERY: \_\_\_\_\_

RIVIP VENDOR ID#: \_\_\_\_\_

TERMS OF PAYMENT: \_\_\_\_\_

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Item	Class-Item	Quantity	Unit	Unit Price	Total
	<p><b>BIDDING</b></p> <p>(a) A single price shall be quoted for each item against which a proposal is submitted. This price will be the maximum in effect during the agreement period. Any price decline at the manufacturer's level shall be reflected in a reduction of the agreement price to the State.</p> <p>(b) Quantities, if any, are estimated only. The agreement shall cover the actual quantities ordering during the period. Deliveries will be billed at the single, firm, awarded unit price quoted regardless of the quantities ordered.</p> <p>(c) Bid price is net F.O.B. destination and shall include inside delivery at no extra cost.</p> <p>(d) Bids for single items and/or a small percentage of total items listed, may, at the State's sole option, be rejected as being non-responsive to the intent of this request.</p> <p><b>ORDERING</b></p> <p>(a) The User Agency(s) will submit individual orders for the various items and various quantities as may be required during the agreement period.</p> <p>(b) Exception - Regardless of any agreement resulting from this bid, the State reserves the right to solicit prices separately for any extra large requirements for delivery to specific destinations.</p>				

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Item	Class-Item	Quantity	Unit	Unit Price	Total
	THIS IS A MULTI-YEAR BID/CONTRACT. PER RHODE ISLAND STATE LAW 37-2-33, CONTRACT OBLIGATIONS BEYOND THE CURRENT FISCAL YEAR ARE SUBJECT TO AVAILABILITY OF FUNDS. CONTINUATION OF THE CONTRACT BEYOND THE INITIAL FISCAL YEAR WILL BE AT THE DISCRETION OF THE STATE. TERMINATION MAY BE EFFECTED BY THE STATE BASED UPON DETERMINING FACTORS SUCH AS UNSATISFACTORY PERFORMANCE OR THE DETERMINATION BY THE STATE TO DISCONTINUE THE GOODS/SERVICES, OR TO REVISE THE SCOPE AND NEED FOR THE TYPE OF GOODS/SERVICES; ALSO MANAGEMENT OWNER DETERMINATIONS THAT MAY PRECLUDE THE NEED FOR GOODS/SERVICES.				
1.0	255-20 CIGARETTE STAMPS (7/1/06 - 6/30/07) 45,000,000 STAMPS	1.00	LOT		
2.0	255-20 CIGARETTE STAMPS (7/1/07 - 6/30/08) 45,000,000 STAMPS	1.00	LOT		
3.0	255-20 CIGARETTE STAMPS (7/1/08 - 6/30/09) 45,000,000 STAMPS	1.00	LOT		
	CONTACT PERSON: ELAINE FRIDAY (401) 222-2956				

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Item	Class-Item	Quantity	Unit	Unit Price	Total
	DELIVERY OF GOODS OR SERVICES AS REQUESTED BY AGENCY.				
				<b>TOTAL:</b>	

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**SPECIFICATIONS FOR HEAT APPLIED 20 & 25  
CIGARETTE TAX STAMPS AND APPLICATION SYSTEMS**

1. **TYPE AND APPLICATION:** These stamps must be Fuson stamps or equal consisting of five impressions or layers, including safety tint lettering. The stamps must be produced by the gravure process and be suitable for positive application with heat to the receiving surface such as cellophane and polypropylene.

Bidders must furnish with bid, canceled samples of stamps and list the states currently using the bidder's stamps.

2. **PRICE:** Bidder must submit net prices per thousand stamps, manufactured and packed according to specifications, f.o.b. destination. All shipments are to be made by bonded carrier, prepaid.
3. **SIZE, DESIGN AND COLORS:** Each stamp is to be of irregular shape and outline and shall contain not less than three distinctive colors. Half-tones, Ben-Day effects, shades, tints, or tones of a color will not be acceptable or considered as separate and distinctive colors. The safety tint lettering shall not be considered as one of the stamp colors.

Stamps shall measure approximately ½" x ½". Colors and design of stamps to be approved by the Department of Revenue or appropriate agency. Bidders must submit with proposal, and without charge, suggested designs and colors.

4. **SERIAL NUMBERING:** After primary printing, stamps will be commonly overprinted within each roll with a legible code consisting of not less than five alphanumeric characters. The same alphanumeric code would not be repeated for any one roll during the life of the contract. This identification code will also appear on the roll and mailer box.

Rolls shall be coded in sequential order. Spoiled rolls shall be identified as "not in circulation." The beginning and ending roll number shall be clearly indicated on the outside of the box of 25 stamp rolls. For example: "Roll #1 - Roll #26." A certified listing of all rolls "not in circulation" shall be provided to the State.

5. **PAPER:** Stamps shall be made on unique, safety tinted, mill controlled color paper furnished by the contractor. The name of the manufacturer of the paper stock is to be furnished with the bid and contractor must render an accurate accounting of all paper used in the production of machine applied stamps, including spoilage, and verify such accounting records by affidavit to the State.

All paper must be processed with a special safety tint. The safety tint lettering must be so printed as to appear on the face of the stamp and also must appear on the paper between the stamps. The safety tint shall transfer with the stamps and the lettering extending

beyond the edges of the stamp must also transfer with the stamps.

All spoiled paper and stamps are to be strictly accounted for and kept under lock and key and destroyed in the presence of a duly authorized agent of the State. After destruction, an affidavit will be rendered to that effect by the contractor.

6. **LAYOUT AND PACKING:** Heat Applied Serial Numbered "20" Cigarette Tax Stamps (15 per row) are to be furnished in rolls of 30,000 stamps with ascending and descending numbers at 300 stamp intervals to provide an exact count of stamps remaining and stamps used on the roll.

Each roll will be packed in a serially numbered cardboard box. Twenty-five boxes are to be packed in a suitable corrugated container, with quantity of stamps, denomination, and first and last consecutive serial number clearly marked on one end of box.

7. **PROTECTION:** All stamps and paper must contain proven protective features to guard against illegal reproduction. This will include security features that permit laboratory identification of inks. Bidder shall submit a separate confidential detailed statement to the Commissioner of the Department of Revenue, explaining fully their system for the protection of the State against unlawful reproduction and the method by which such reproduction can be detected by inspectors of the State. This confidential statement will not be included with the bid, but will be the primary consideration in the determination of award.

8. **PRODUCTION CONTROL:** This bid must be accompanied by a full explanation of the precautions which the manufacturer proposes to observe within its plant and organization to protect the State against unlawful reproduction of stamps.

Bidder must designate the measures which will prevent loss of stamps during the process of manufacture as well as during storage.

All work under this contract, including all coatings of the paper for Fuson® stamps must be performed wholly within the premises of the contractor. No part of this contract may be sublet or performed in any other establishment. No assignment of this contract in whole or in part may be made without the consent of the State. The successful bidder will establish to the satisfaction of the State that it possesses the necessary plant, equipment and facilities to properly and satisfactorily discharge the responsibility imposed by these specifications.

9. **ACCOUNTING:** Full and accurate account must be made to the State for all spoiled paper, stamps, etc. Plates, designs, patterns, films, negatives, cylinders, and the like will be used solely for this order and subsequent orders if any. At the completion of this order, or at the termination of this contract, or at any time if the State so desires, all such plates, designs, films, etc., will be destroyed and disposed of as directed by the State.

Complete and accurate accounting of each and every stamp and all special paper and any other material used in the production of these stamps must be given to authorized representatives of the State upon demand at any time. Inspection of the plant and all records and books of account will be allowed by the contractor at any time upon demand of authorized representatives of the State.

At all times the contractor will supervise closely the production of these stamps. Security measures should be employed to assure that all finished goods and production materials are properly accounted for. Every precaution will be taken to make certain that these stamps are not counterfeited or produced anywhere for any other purpose than the use of the State. All shipments must be made by bonded carrier, insured and prepaid, and the contractor will be responsible for safe and proper delivery.

10. **STAMP APPLYING MACHINES:** Contractor must warrant that, during the contract period, he will make available to authorized distributors by means of a lease or sale, machines designed to apply contractors' stamps, including related equipment such as carton openers, gluers, and closers, and that said machines and stamps will be designed and manufactured so as to assure proper adhesion and high speed application of stamps. Bidder must list equipment he will lease, including accessory machines to further automate the cigarette stamping process.

Machines and related equipment must meet with the approval of the Department of Revenue and be acceptable to the tobacco distributors and operate satisfactorily at a minimum rate of 60 cartons per minute for a duration of 30 minutes. No bid will be considered unless the bidder is able to satisfactorily demonstrate his stamp applying machine to the Department of Revenue within five days of the bid opening.

During such period as the State shall utilize contractors' stamps for machine application, the contractor must agree to make service and preventive maintenance for the machines available in such manner and upon such reasonable conditions that mechanical failure will not substantially disrupt stamping by the distributors and receipt of revenue by the State.

Contractor must have sufficiently trained personnel to properly maintain, service and repair stamp applying machines. Servicemen must be available during normal working hours and respond to a wholesaler's service call within twenty-four hours Monday through Friday.

Contractor must instruct the tobacco distributors' employees in the proper operation of the stamp applying machine for correct application of stamps during initial installation.

12. **PAYMENT:** Each shipment of stamps shall be invoiced separately. Payment of terms are net 30 days.
13. **PERFORMANCE BOND:** Successful bidder must be required to furnish a performance bond in the amount of the contract, guaranteeing the State as to the faithful performance of the contract including installation and service of stamp applying equipment and against loss of stamps through or from any act of omission or commission by him contrary to the terms of the contract.
14. **AWARD:** Before an award is made, the Department of Revenue reserves the right to summon the bidder to appear before it and demonstrate and prove to its satisfaction the acceptability of his stamps to the Department of Revenue. The Department of Revenue also reserves the right to summon the bidder to demonstrate and prove the effectiveness of any and all protective features required.

The State reserves the right to waive technicalities and to reject any and all bids. Any proposal offered is subject to the option of the State as to whether it is to the best interests of the State. The price of the stamps will be given consideration, but the

primary consideration will be the maximum protection offered to the State against illegal reproduction or counterfeiting and for general adaptability to the purpose required.

15. The letter accompanying this proposal will consist of numbered paragraphs. Each such number must correspond to a paragraph number of these specifications. Each paragraph of the letter must refer solely to the same subject of same numbered paragraphs of these specifications.
16. This contract may be renewed, terms and price amended subject to the mutual consent of contractor and State. Consideration for extension will be activated two months before the end of the contract period.