

**SPECIFICATION FOR FREIGHT LOGISTICS SERVICES –  
LARGE PACKAGE ONLY  
SPD SPECIFICATION 962-S5 (2023)**

**1.0 AWARD OF SPECIFICATION**

Pursuant to Texas Government Code Section 2155.138(c), the Central Nonprofit Agency contract between WorkQuest, Inc. (“Contractor,”) and the Texas Workforce Commission, and contract CPA\_CNA\_2022-1 between the Comptroller of Public Accounts (“CPA”) and Contractor, CPA hereby awards this Specification No. 962-S5 for Third-Party Freight Logistics services – Large Package Only. Contractor shall subcontract this Specification to one or more qualified Community Rehabilitation Providers. At its discretion, CPA may make goods and services described in this specification available to Customers through its electronic procurement system.

**2.0 DEFINITIONS:**

In this Specification, the following terms and acronyms have the meaning set forth below.

<b>Accessorial Charges:</b>	Fees associated with the need for special equipment and services such as lift gates, non-commercial destinations, and inside pickup and/or delivery.
<b>Bill of Lading (BOL):</b>	A document issued by a carrier to a shipper that details the type, quantity, and destination of the goods being carried.
<b>Business Day:</b>	A calendar day that is not a weekend or state holiday.
<b>Business Hours:</b>	7:00 a.m. to 6:00 p.m. on a Business Day.
<b>Carrier:</b>	An individual or company that holds necessary state and/or federal authority to move freight from one place to another. Interstate carriers will hold necessary federal authority and comply with all federal laws, rules and regulations. Intrastate carriers will hold all necessary state authority and comply with all state law, rules and regulations. Under this Specification, contracted Carriers are utilized by Subcontractor to provide freight shipment services for Customers.
<b>Community Rehabilitation Program (CRP):</b>	A government or nonprofit organization certified by the TWC to participate in the State Use Program under which persons with severe disabilities produce products or perform services for compensation. The CRP performing this contract will be Southeast Vocational Alliance.
<b>Contract:</b>	The Contract between CPA and WorkQuest signed in June, 2020.
<b>Customers:</b>	State agencies, state universities, local governments, non-profits, or local co-op entities in Texas that are required or

	permitted by law to purchase goods and services under the State Use Program.
<b>Contractor:</b>	The Central Nonprofit Agency (WorkQuest, Inc.) authorized in Human Resources Code, Chapter 122.
<b>Freight Management:</b>	The process of overseeing and managing a cost-efficient operation and delivery of goods.
<b>Large Package:</b>	For this Specification: items for shipment in excess of 150 pounds.
<b>Less Than Truckload (LTL):</b>	The transportation of products or goods that do not require a full truckload.
<b>Logistics Management:</b>	The process of controlling how resources are obtained, warehoused, and transported to the final destination.
<b>Subcontractor:</b>	Any entity other than WorkQuest, that provides services under this Specification.
<b>Southeast Vocational Alliance (SVA):</b>	The subcontractor.
<b>State Use Program:</b>	Legislatively created exception to the collective bidding requirement for the acquisition of goods and services by state agencies intended to further the objective of employing disabled persons within the state. This set aside is mandatory unless the state agency can identify an exception to its operation.
<b>Transaction Fee</b>	Fee charged by WorkQuest and Subcontractor in addition to the pass-through carrier freight amount for the value-added freight and logistics service per transaction described under this Specification.
<b>Transportation Management System (TMS):</b>	A logistics Web Portal that uses technology to help plan, execute, and optimize the physical movement of goods, both incoming and outgoing, and making sure the shipment is compliant, proper documentation is available.
<b>Truckload (TL):</b>	The transportation of products or goods that require a full truckload.
<b>TWC:</b>	The Texas Workforce Commission
<b>WorkQuest:</b>	WorkQuest, Inc., the Central Nonprofit Agency under the State Use Program, as described in Human Resources Code, Chapter 122.

### 3.0 AVAILABLE SHIPPING SERVICES

Intrastate shipments (within the state of Texas) will be delivered within 1-2 business days. Interstate shipments (between Texas and another state) will be delivered within 1-5 business days.

The Subcontractor will pair the customer's needs with the appropriate carrier and equipment consistent with industry standards and any specific requests from the customer.

- (a) **Less Than Truckload (LTL):** Shipment palletized which are more than 150 pounds and less than 15,000 pounds
- (b) **Truckload (TL)** Palletized for more than 15,000 pounds
- (c) **Flatbed:** Intended for construction site pickup or deliveries of bulk orders and/or products that are over 14 feet in length. Products are transported via an open flatbed trailer, tarps for products can be provided upon request
- (d) **Oversized:**
  - i. Intended for the transportation of items that require a permit or escort from point of pick up to destination.
  - ii. Products are transported via a multitude of trailing equipment depending on the items. To include, but not limited to; "step-decks", "low-boy's", etc.
- (e) **Courier Services:**
  - i. Service meets specific needs within a given geographic area.
  - ii. Same day delivery service of items less than one pallet size, but in excess of 150 pounds.
  - iii. Items can be stored in multiple climates depending on size
  - iv. Equipment used to transport is no larger than a 24-foot box truck and can be as small as a cargo van.
  - v. Cost of shipment is dictated by size of transporting vehicle.
- (f) **Overnight/ Second Day/ Ground Delivery:** Items in excess of 150 pounds only
- (g) **Expedited Delivery:** Designed to be provide a dedicated truck for same day pickup and delivery outside the local geographic area, also commonly referred to as "Hot Shot" service.

#### 4.0 REQUIREMENTS – FREIGHT LOGISTICS SERVICES:

- 4.1 **Shipping Not Included.** This specification is for third-party logistics services only. These logistics services are related to, but **do not include** transportation of parcels and freight. The services of a third-party logistics company are separate from shipping and freight services. Contractor services may only be purchased in addition to the services of a parcel or freight carrier (a "Carrier"). The Customer may select to contract with and pay a Carrier without purchasing third-party logistics services. The Customer may use a CPA Carrier contract, and in some cases the law may require the Customer to use a CPA Carrier contract.

## **4.2 General Requirements**

**4.2.1** Contracted Carrier shall provide intrastate and interstate services as needed.

**4.2.2** Subcontractor will provide both access to Transportation Management System for customers to schedule shipment services and coordinate shipment services on behalf of the customer at their request.

**4.2.3** Subcontractor will ensure that all Contracted Carriers comply with all applicable state of Texas laws, Federal Laws, Code of Federal Regulations, and United States Department of Transportation requirements governing the transportation of freight on the state highway system including:

- a) Weight Scale Certifications in case verification is needed
- b) Haz Mat Certifications for Hazardous loads
- c) Any placard, logbook, or other document or signage required by applicable state or federal law

**4.3 Scheduling Pickups.** Upon request, Contractor shall contact the Carrier specified by the Customer to arrange a pickup. Contractor shall schedule pick-up on the next business day, if possible, unless a different date is specified by the Customer.

**4.4 Insuring Shipments.** Contractor shall identify and notify the Customer of the Carrier's limitation of liability for each shipment. If Customer requires additional insurance to safeguard the value of a shipment, Contractor shall provide information and assistance to the Customer.

## **4.5 Tracking Shipments.**

**4.5.1** Each business day, Contractor shall proactively check the status every Customer shipment in transit. If a shipment is lost or delayed, Contractor shall (1) contact the Carrier immediately and (2) notify the Customer no later than next business day.

**4.5.2** If Customer notifies the Subcontractor of a non-delivery, late delivery or a delivery that arrived in a damaged condition, Subcontractor will contact the carrier as quickly as practicable to arrange for immediate delivery and to expedite resolution of any loss or damage claims. Contractor shall identify any price reduction or other compensation for delay owed to the Customer. Contractor shall make all reasonable efforts to ensure that Customer obtains compensation.

**4.6 Auditing and Consolidating Invoices.** Contractor shall audit each Carrier invoice to ensure that correct pricing and fees were applied based on the contract between Customer and Carrier. Contractor will review invoicing errors and obtain accurate documentation from the carrier. If Contractor identifies excessive charges on an invoice, it shall promptly notify the Carrier and the Customer. Each week, Contractor shall prepare a summary of invoices received from the Carrier since the previous weekly summary and present it to the Customer. The summary shall include shipment date, promised delivery date, actual delivery date (as applicable),

origin, destination, and price. Subcontractor will store all backup documentation, including bills of lading, proofs of delivery and make them available to Customer upon request.

**4.7 Pursuing Claims.** Contractor shall file claims with the Carrier on the Customer's behalf for damage, delays, or other defective performance. Contractor shall regularly track the progress of claims and inform the Customer of their status no less than weekly. Contractor shall promptly request any information needed from the Customer and provide the deadline for receiving such information in order to file a timely claim. Contractor may not provide legal advice to Customer. Contracted Carriers within Subcontractor's provider network shall have forty-five (45) days to resolve any freight claims.

**4.8 Reporting Performance.** Reports to CPA quarterly, no later than 10 working days following the last day of the state's fiscal quarter for the prior three months:

- a) Metrics showing potential claims identified, claims filed and actual money recouped from claims by agencies and discounts obtained and service levels met; and
- b) Data for effect of Contractor on rate of on-time delivery, package transit time, and overall cost of shipping to each customer on each invoice.
- c) Report of each customer's transactions in a form approved by the Comptroller.

**4.9 Storing Documents.** Contractor shall maintain copies of documentation related to shipments for the duration of contract plus three years. Contractor shall make such documentation available to Customer within two working days upon request. For no cost to Customer, Contractor shall transition Customer data to a successor service provider.

**4.10 Customer Support.** Contractor shall designate a single contact person for each Customer upon its first use of Contractor services. The contact person shall generally be available to communicate with Customers Monday through Friday, 8:00 a.m. to 6:00 p.m. The contact person will respond to Customer calls and emails promptly, generally within ten minutes. If the contact person cannot resolve an issue promptly, they will provide a reasonable timeline to the Customer in which issues will be resolved. Customers will be provided with a customer service phone number and email to access Contractor's IT support in the event there are any technical issues or customer questions about utilizing the Web Portal.

#### **4.11 Contracted Carrier Personnel**

##### **4.11.1 Identification**

Each Contracted Carrier's delivery and pickup personnel will be identified by uniform or other standard identification, such as badges, etc., that clearly identify personnel as employees of the carrier.

#### **4.11.2 Conduct**

Contracted Carrier's personnel must communicate with agency staff and conduct themselves in a professional manner.

#### **4.11.3 Personnel Complaints**

Any issues or complaints regarding Contracted Carrier personnel identification, communication, or behavior should be communicated immediately to Subcontractor. The Subcontractor must notify WorkQuest of complaints and resolution within 14 days.

## **5.0 CARRIERS**

### **5.1 Carrier Contracts.**

#### **5.1.1 With Contractor.**

Upon request, Contractor shall provide to CPA each written contract between it and a Carrier it wishes to make available for Customers in its Portal. The contract must identify the basis for calculating shipping rates and fees, and demonstrate Contractor's authority to resell the rates to Customers. CPA may identify one or more issues that may render the contract unfit for Customers. Once review is complete and all issues are addressed, Contractor may make its Carrier contract available to CPA customers in its Portal. (Note, however, that state agency Customers may be required by law to use a CPA Carrier contract.)

#### **5.1.2 With CPA.**

The Portal shall fully support Customer use of CPA Carrier contracts. Contractor shall not re-sell CPA contract rates to any entity other than an authorized Customer of CPA.

### **5.2. Carrier Payment**

**5.2.1 Pursuant to Customer/CPA Carrier Contract.** This provision applies whenever the Customer utilizes its own account with a Carrier, to include any CPA Carrier contracts. Contractor shall not invoice or accept any amount for Carrier services. Customer shall pay Carrier directly.

**5.2.2 Pursuant to Contractor Contract.** This provision applies whenever the Customer ships under a contract between the Contractor and the Carrier. Contractor shall pay the Carrier promptly pursuant to the terms of its contract with the Carrier. Customer shall pay Contractor in accordance with the terms of this agreement. If Contractor fails to pay Carrier, Contractor authorizes CPA to enforce any remedy for any Customer, including collecting any amount Contractor may owe to customer as a result.

**5.3. Conflict of Interest.** Neither Contractor nor its subcontractors on this specification shall accept anything of value from a Carrier in connection with services provided under this Specification. To the extent that Contractor or its subcontractors transport Customer goods in violation of this paragraph, Contractor and its officers shall be liable for any and all direct and consequential Customer losses, without limitation of any kind.

**5.4. Procurement of Carrier Services.** For each transaction, Customer shall select a Carrier in accordance with applicable laws and policies. (Note, however, that state agency Customers may be required by law to use a CPA Carrier contract.)

**5.5. State Agency Customers.** State agencies must use CPA contracts for Carrier services to the extent they are available, unless an exemption has been granted by CPA or otherwise provided by law. Contractor shall inform state agencies of this requirement, and direct any questions about this requirement to CPA. Contractor shall not advise or assist a state agency to order Carrier services available under a CPA contract from a Carrier not on CPA contract, unless CPA has specifically approved the order.

**5.6. Minimum Carrier Requirements.** Contractor shall limit its Services under this specification to transactions with Carriers operating in compliance with federal and state law, including the regulations of the Federal Motor Carrier Safety Administration. Contractor shall limit its Services under this specification to transactions with Carriers that meet or exceed the insurance levels required for Contractor in this Specification, plus a minimum of \$100,000 of cargo coverage. Contractor shall supply insurance certificates for all Carriers upon request.

**5.7. Carrier Performance.** Contractor shall develop and monitor Carrier performance metrics including accurate pricing, safe operation, and timely delivery. Contractor shall notify Customer of any Carrier failure to meet performance standards. If a Carrier under a CPA contract develops a pattern of poor performance, Contractor shall notify CPA.

## **6.0 WEB PORTAL— TRANSPORTATION MANAGEMENT SYSTEM (TMS) REQUIREMENTS**

Subcontractor will maintain and operate a Transportation Management System (TMS) which provides users access to up-to-date shipment pricing review and scheduling capabilities.

### **6.1. Functionality.**

- a) Contractor shall establish and maintain a web portal (the “Portal”) that will provide Customers with tools and information related to Contractor and Carrier services.

- b) The TMS will allow users to compare shipping options, create bills of lading, schedule carriers to pick up items, and collect data pertaining to each shipment for planning, budgeting, and audit purposes.
- c) The Portal shall enable Customers to log in to access their own account information.
- d) The Portal shall permit customers to link their Portal account to multiple Carrier accounts, including all major national and regional carriers. (Note, however, that state agency Customers may be required by law to use a CPA Carrier contract.) The Portal shall enable customers to input data about a particular shipment (origin, destination, weight, dimensions) and see accurate pricing of that shipment for each linked Carrier account.
- e) The Portal shall enable Customers to schedule pickups by each supported Carrier. The Portal shall enable Customers to create bills of lading, shipping labels, and other documents necessary to initiate shipment by a Carrier.
- f) The Portal shall provide tracking of all active shipments by the Customer on a single web page.
- g) The Portal shall provide access to Customer records for completed shipments, whether ordered through the Portal or otherwise ordered for a linked Customer account.
- h) The Portal shall be available 24 hours per day, every day. Contractor may schedule an outage for system maintenance outside State business hours with CPA approval and at least 7 days' notice to Customers.

## 6.2 System Access

Subcontractor will provide unique TMS logins to customers as requested. TMS is accessed via online web portal.

- a) Users must be able to change their own passwords through the TMS.
- b) For non-federated system access, Contractor shall configure the web portal to allow Customers to comply with the following standards:
- c) Passwords at least eight (8) characters in length (recommend 15 characters or longer) containing characters from at least three of the following four categories:
  - Uppercase characters (A through Z).
  - Lowercase characters (a through z).
  - Base-10 digits (0 through 9).
  - Non-alphanumeric characters (e.g., !, \$, #, %, @).
- d) Account Lockout. User accounts shall be locked out following a predetermined number of failed logon attempts. System shall allow users to follow steps for a password reset to unlock their account.
- e) Passwords should automatically expire after 90 days.
- f) Customers may not reuse the expired password when setting their new password.

## 6.3 Training



During the contract term and at no cost to CPA or Customers, Contractor shall provide training services for CPA and Customer personnel on the use and functionality of the online application. Training services include, but are not limited to, the online application, profile creation and management, user management, and reports. Failure to provide sufficient Customer training may result in termination of the Contract. If CPA identifies an unmet need for training, it shall notify Contractor. Contractor shall propose a training plan to address the issue within five business days, to include content, training methods, and milestone dates. CPA will notify the Contractor whether the plan is acceptable or specifically identify deficiencies in the plan. Contractor will promptly correct deficiencies identified by CPA, and adhere to any CPA-approved plan.

#### **6.4 Intellectual Property.**

**6.4.1.** Contractor represents and warrants that it has determined what licenses, patents and permits are required for performance of the Specification and has acquired all applicable licenses, patents, and permits.

**6.4.2.** As between Contractor and CPA, all title and intellectual property rights in and to the Customer Data is owned exclusively by CPA.

**6.4.3.** Contractor is responsible for performing the services under the Contract without infringing upon any intellectual property rights of which it is actually aware or which a reasonable person should be aware.

### **7.0 DATA SECURITY STANDARDS**

**7.1 Defined Terms.** The term “Customer Data” refers to any Customer’s information, as well as other information in the possession of Customer, that is processed, stored, or transmitted by a computer. Customer Data includes all data that is generated by Contractor in performance of a contract with Customer. The term “Customer Information System” refers to those devices, software, networks and related infrastructure that Customer owns, operates or has obtained for use to conduct Customer business. Devices include, but are not limited to, Customer-owned or managed storage, processing, and communications devices, as well as personally owned devices.

**7.2 Access to Customer Data.** Contractor represents and warrants that it will implement, maintain, and use appropriate administrative, technical, and physical safeguards to preserve the confidentiality, integrity, and availability of Customer Data. Contractor will not collect, access, use, disclose, or retain Customer Data other than as necessary to perform the services specified in a contract resulting from this solicitation or as otherwise authorized in writing by the Customer. Contractor will restrict access to Customer Data to only those personnel who must have the information on a “need to know” basis. Contractor will not use Customer Data, or any information derived from Customer Data, for its own benefit or the benefit of any other person or entity. Contractor will not share Customer Data with its parent company or other affiliate without Customer’s express written

consent. Contractor shall provide Customer with a list of companies that require access to Customer Data no later than five (5) business days before access is required.

### **7.3 Encryption Standards.**

- a. Contractor shall encrypt Customer Data in transit and at rest. Data in transit means data is moving via e-mail, in applications, or through browsers and other web connections. Data at rest (including data backups) means data is stored in databases, the cloud, removable media, or mobile devices.
- b. Contractor shall utilize encryption standards that are FIPS 140-2 compliant or, upon the written approval of CPA's Chief Information Security Officer, shall meet the intent of the standards as described in FIPS 140-2.
- c. The minimum cryptographic algorithm used by Contractor must be Advanced Encryption Standard (AES) 128 or higher (256 AES is preferred).
- d. Contractor shall encrypt Customer Data transmitted over a public or private network. CPA approved data encryption transmission protocols include the following: (1) SFTP (FTP over SSH), (2) FTPS (FTP over SSL), (3) HTTPS (HTTP over SSL), and (4) virtual private network.

**7.4 Media Sanitization.** Contractor and its CSP shall sanitize information system media, both digital and non-digital, in accordance with NIST Special Publication 800-88 (Guidelines for Media Sanitization) when Customer Data in the custody of Contractor (including the CSP) is no longer required to be retained by contract. Contractor must maintain a record documenting each sanitization procedure which at a minimum includes the following information: (i) date sanitization completed, (ii) description of the items with serial numbers and inventory control numbers, if applicable, and (iii) sanitization method used. No later than sixty (60) calendar days from contract expiration or termination or as otherwise specified in the Specification with CPA, Contractor must either (i) complete the sanitization and submit via e-mail to the CPA Contract Manager all sanitization documentation or (ii) submit a written statement via e-mail to the CPA Contract Manager explaining the reason that destruction of Customer Data by Contractor is technically impossible or impractical. Contractor's obligations set forth in this clause survive the termination or expiration of the Contract as long as Contractor retains Customer Data.

**7.5 Third Party Service Providers.** Contractor shall ensure that its access and the access Contractor grants to its service providers to Customer Data or Customer information systems does not result in unauthorized access.

- 7.6 Court and Administrative Orders.** Except as otherwise required by law, the CSP shall promptly notify CPA of any subpoena, judicial, or administrative order that it receives, and which relates to CPA Data held by the CSP.
- 7.7 Transition of CPA Data.** Following termination of the Specification, WorkQuest’s CNA contract, or any service relationship with a particular Customer, Contractor shall, for no additional compensation, aid in the timely and secure transition of Customer Data to Customer or Customer’s designated service provider in a secure agreed file format usable without the cloud service.
- 7.8 Browser Protocols.** Contractor’s cloud service provider (CSP) supports browser connections using TLS version 1.2 or higher.
- 7.9 Credit Monitoring and Protection Services.** In the event sensitive personal information as defined in Business and Commerce Code Chapter 521 is disclosed by Contractor, Customer may require, in addition to other remedies available at law or in equity, that Contractor provide credit monitoring and protection services for at least one year to the affected individuals at no cost.
- 7.10 Commission Payment Processing Service Provider.** In the event Contractor utilizes a third-party to process commission payments, Contractor will disclose only the first and last names of the Staff to the commission payment processing service provider. Provided Contractor’s disclosure of Customer Data to the commission payment processing service provider is limited to only the first and last names of the Staff, CPA approves the following modifications to the Information Security Standards: (1) the location of the Customer Data provided to the commission payment processing service provider is not restricted to the continental United States and (2) the commission payment processing service provider and its CSP are not required to be FedRAMP compliant.
- 7.11 Security Incident Notification.** Within twenty-four (24) hours of Contractor’s discovery or reasonable belief that there has been an event which results in the accidental or deliberate unauthorized access, loss, disclosure, modification, disruption, or destruction of confidential Customer information (“Security Incident”), Contractor shall provide notice to the affected Customer through its designated representative and to CPA by calling (800) 531-5441 EXT 34357. Until the investigation is complete, Contractor shall submit on a daily basis, or as otherwise agreed by CPA, a written report via encrypted e-mail to [iso.security.services@cpa.texas.gov](mailto:iso.security.services@cpa.texas.gov) which includes, at a minimum, the following:
- a) Date and time incident occurred,
  - b) Date and time incident detected,
  - c) Date and time incident contained,
  - d) Address where incident occurred,
  - e) Name of persons that discovered incident,
  - f) Description of how Contractor discovered incident,
  - g) Type of CPA information involved,

- h) Description of the nature of the incident,
- i) Description of the steps Contractor has taken or will take to investigate incident,
- j) Description of the steps Contractor has taken or will take to mitigate any negative impacts of incident,
- k) Information technology involved (e.g., laptop, server, mainframe),
- l) Description of steps taken to preserve computer evidence and maintain chain of custody, and
- m) Description of corrective action Contractor has taken or will take to prevent future incidents.

Contractor shall coordinate all media or other breach notifications with CPA in advance of such notifications, unless expressly prohibited by law. Subject to review and approval of CPA, Contractor shall provide notice at its own cost that satisfies the requirements of applicable law to individuals whose information was compromised or likely compromised as a result of the Security Incident. If CPA, in its sole discretion, elects to send its own separate notice, then all costs associated with preparing and providing the notice shall be reimbursed to CPA by Contractor. If Contractor does not reimburse such costs within thirty (30) days of CPA's written request, then CPA shall have the right to collect such costs. CPA reserves the right to conduct an independent investigation of any Security Incident, and should CPA choose to do so, Contractor shall cooperate fully with CPA and assume responsibility at its own expense for making personnel, resources, and systems access available to CPA and CPA's authorized representatives. Contractor shall have policies and procedures for the effective management of Security Incidents, which Contractor shall make available to CPA upon written request.

**7.12 Disaster Recovery and Business Continuity Plan.** Contractor must maintain current disaster recovery and business continuity plans during the term of the Contract. Upon written request, Contractor shall provide CPA access to the most recent disaster recovery and business continuity plans. Contractor must back-up Customer Data on a daily basis. Contractor shall provide appropriate access and technical support to enable CPA to perform disaster recovery testing two times per Fiscal Year. CPA's disaster recovery testing requires full integration testing with all cloud computing environment applications.

**7.13 Data Security Submission.** Before CPA makes services described in this Specification available to Customers, Contractor shall specifically describe the following:

- a) terms of each intellectual property license to be granted to Customers for use of all software and pre-existing Contractor or third-party intellectual property provided by Contractor under the Specification;
- b) how Contractor will meet or exceed the Information Security Standards of this specification;

- c) the proposed security architecture (i.e., user portal, application server and database servers are separated in different physical and virtual stacks and internet access is limited to the user portal, etc.);
- d) how the cloud architecture is secured and the security controls that will be used to protect Customer Data in a multi-tenant cloud environment;
- e) disaster recovery and business continuity plans with recovery time objectives and whether Contractor utilizes failover to alternate data center sites;
- f) processes and approaches used to ensure business continuity in the event of a power failure or server failure affecting Contractor's operations, including the expected downtime until the backup goes into effect; and
- g) Contractor's method for notifying CPA of a disaster or other service disruption and for providing status updates.

**7.19 Cyber Liability Insurance.** Contractor represents and warrants that the Subcontractor shall obtain and maintain the following coverage throughout the term of the Contract and that said coverage shall be with companies licensed in Texas with an "A" rating from A.M. Best Co. authorized to provide the required coverage. meets or exceeds the minimum requirements. **Cyber Liability Insurance:** \$1,000,000 minimum per incident or claim and \$2,000,000 minimum aggregate limit. This policy must include, at a minimum, third-party coverage for security breach notification and subsequent credit monitoring.

The above policies shall contain endorsements prohibiting cancellation except upon thirty (30) calendar days' prior written notice to CPA. The Contractor shall furnish proof to CPA of such coverage in the form of a Certificate of Insurance within five (5) business days of the award of this Contract indicating the required coverage, and annually within five (5) business days of the policy issuance. The certificate shall be addressed to CPA as the certificate holder. Successful Respondent shall submit proof of required insurance coverage via email, referencing the contract number "SPD-S5", to the following address: [spd.cmo@cpa.texas.gov](mailto:spd.cmo@cpa.texas.gov).

## **8.0 WORKQUEST REQUIREMENTS:**

### **8.1 Coverage and Authorized Service Providers**

WorkQuest will make reasonable efforts to make services under this Specification available to Customers throughout the State.

### **8.2 Authorized Service Providers**

- (a) This Specification only includes freight logistics services for items over 150 pounds. No State Use Program waiver is required for procurement of services not included in the Specification.
- (b) WorkQuest may authorize one or more service providers to perform under this Specification.
- (c) WorkQuest shall designate its authorized service providers in a format acceptable to CPA. WorkQuest shall identify the services and geographical coverage offered by WorkQuest and each authorized service provider.
- (d) Each authorized service provider is a CRP certified by TWC which has the necessary training and resources to perform these services.
- (e) If an authorized service provider is unable to perform or no longer offers services under this Specification, WorkQuest must notify CPA and affected Customers within two Business Days. WorkQuest shall develop and carry out a plan to replace services that were previously offered by the service provider.

### **8.3 Reporting Requirements**

WorkQuest will submit performance reports related to this Specification to CPA and any Customer upon request and in a format acceptable to the requesting party.

### **8.4 Notification of Pricing and Price Changes**

WorkQuest shall notify Customers and CPA of any price changes under consideration or adopted by TWC related to this Specification. New prices are effective when posted on the Texas SmartBuy contract page.

### **8.4 Issue Resolution**

WorkQuest will be responsible for reviewing and resolving any Customer issues including agreement on performance (Section 3.4) and scheduling (Section 3.7). In the event WorkQuest is unable to provide a resolution satisfactory to a Customer, WorkQuest will grant a waiver to the Customer so that it may procure freight logistics services outside the State Use Program.

## **9.0 CUSTOMER RESPONSIBILITIES**

### **9.1 SCHEDULING WITH CUSTOMERS**

#### **9.1.1 Scheduling Pick-Ups**

Customer shall contact Subcontractor via phone or email to request shipment quote or login into Transportation Management System to schedule freight services themselves.

### **9.1.2 Necessary Information for Service Quote**

To receive an accurate quote for Less Than Truckload (LTL) shipment services, customer must provide:

- a) Shipper and Consignee addresses
- b) Requested pickup/delivery dates
- c) Item dimensions, piece/pallet count
- d) Item weight
- e) Item description/NMFC class
- f) Special handling instructions
- g) Pick-up/delivery (accessorial) requirements, i.e.: lift gate service, inside delivery, etc.
- h) Contact information
- i) PO number

To receive an accurate quote for Truckload (TL) and Flatbed shipment services, customer must provide:

- a) Shipper and Consignee addresses
- b) Number of Pallets with dimensions
- c) Weight and class per pallet
- d) Requested pickup/delivery dates
- e) Haz Mat Certificate, if applicable
- f) Special handling instructions
- g) Pick-up/delivery (accessorial) requirements, i.e.: lift gate service, inside delivery, etc.
- h) Contact information
- i) PO number

### **9.1.3 Responsibility for Pick-Ups**

Contracted Carriers will pick up items from each Customer on an agreed date and time.

### **9.1.4 Deviations from Schedule**

Customer will notify Subcontractor and Contractor of any issues arising from deviations from the agreed upon schedule. Subcontractor will work with the customer to resolve the issue as quickly as possible.

## **9.2 Responsibility Before Pickup**

Customer is responsible for ensuring that every shipment is properly packaged. Customer must notify Subcontractor of any high valued items prior to shipping them. Additional insurance is available by Subcontractor to offset any carrier cargo claims limits for an additional cost and must be requested by the customer.

If the customer fails to request and purchase additional insurance, the customer assumes the risk.

Customer is responsible for accurate completion of each bill of lading (BOL), which includes:

- a) Address
- b) Contact Information
- c) Weight
- d) NMFC Class
- e) Piece/ Pallet Count
- f) Accessorial Requirements

### **9.3 Scheduling with Subcontractor**

Customers must work with Subcontractor to establish pick-up/delivery times. Customer should specify special delivery instructions, including hours of operation of pick-up/delivery locations.

### **9.4 Notice of Scheduled Agency Closure**

Customers must give Subcontractor a minimum of seventy-two hours advance notice of any scheduled closure that would impact a scheduled pick up unless the closure is necessitated by factors beyond customer's control.

### **9.5 Responsibility Upon Delivery**

- a) Customer is responsible for the receipt and inspection of each shipment for damage and accurate piece/pallet count. All exceptions must be noted on the Delivery Receipt at time of delivery
- b) Customer must notify the Subcontractor as soon as practicable if it wants to make a claim of any kind for damage or shortage. Any such notice should be consistent with the damage or shortage noted at the time of delivery unless the damage or shortage was concealed in some manner.
- c) Customer has seventy-two (72) hours to notify Subcontractor when concealed damage is discovered.
- d) Customer questions, problems or concerns should be directed to the Subcontractor's customer service representative.

### **9.6 Payments to WorkQuest**

- a) Customers shall promptly pay WorkQuest for services rendered in accordance with state law.
- b) Customer must provide WorkQuest and Subcontractor with any specific invoicing requirements, i.e. where invoices are to be sent, what documents or internal identification numbers are required on an invoice to ensure timely payment, etc.



- c) Customer shall notify WorkQuest and Subcontractor concerning disputed invoices in a timely manner.

## **9.7 Purchase Order Requirements**

Customer obtains quote from Subcontractor through Transportation Management System account or from Subcontractor's customer service representative.

Quote is attached to Purchase Order submitted to WorkQuest by email to [freightpo@workquest.com](mailto:freightpo@workquest.com).

All Purchase Orders must be made out to WorkQuest and include:

- Dates of service
- Listing of specific locations (any addresses for the pickup(s))
- Contact information (for pick-up locations and requesting parties, if different)
- Billing address and contact
- SPD Specification Number
- Total dollar amount
- Authorized signature

## **10.0 FEES:**

### **10.1 Establishment of Fair Market Pricing**

- (a) The services in this Specification shall be priced at a flat rate per transaction between a Customer and Carrier, regardless of the size of a particular transaction or the volume of transactions from an individual Customer. TWC will determine the Fair Market Price for items under this Specification. Contractor shall provide TWC's fair market price determination to CPA and shall provide any updated determination to CPA within two business days.
- (b) Transaction Changes and Accessorial Charges outlined on Attachment 1 (962-M5 Pricing Sheet)
- (c) All Contracted Carrier freight charges will be considered a pass-through cost paid by the Customer.

## 11.0 SIGNATORY

The undersigned signatory represents and warrant that they have full authority to approve this Specification on behalf of the Texas Comptroller of Public Accounts.

**Texas Comptroller of Public Accounts**

By:

\_\_\_\_\_  
**Bobby Pounds, Director, Statewide Procurement Division (SPD)**

Date: \_\_\_\_\_

The undersigned signatory represents and warrant that they have full authority to approve this Specification on behalf of the central nonprofit agency.

**WorkQuest, Inc.**

By:

\_\_\_\_\_  
**Fred. M. Weber Jr., President and CEO**

Date: \_\_\_\_\_

SPD Note to purchasers: This contract specification was executed by the above-named signatories on 4/21/23. This unsigned copy is provided for purchaser reference only.

**Attachment 1**  
**962-S5 Pricing Sheet**

**Attachment 2**  
**Memorandum of approval – Texas Workforce Commission**

**Texas Comptroller of Public Accounts**

**Statewide Procurement Division**

**Contract No.962-S5**

**Freight Logistics Services - WorkQuest**

**CRP: Southeast Vocational Alliance (SVA)**

**A. Overview**

1. SVA can include pricing from any carrier so long as they meet the safety and insurance requirements established by law.
2. SVA's pricing includes availability to over 1200 carriers nationwide.
3. All pricing is a direct pass through from carrier to user with SVA's fee included for the value-added services.
4. All other pricing will be customized based on agency need of service.
5. This contract is only for shipping in excess of 150 lbs.

<b>B. Transaction Charges – WorkQuest/SVA</b>	<b>Unit Price</b>
1. LTL shipments booked via SVA web portal will be the actual cost of freight plus transaction charge	\$27.00
2. LTL shipments booked outside the web portal by SVA staff	\$37.00
<b>C. ACCESSORIAL SERVICE CHARGES AND WAIVERS</b>	<b>Direct Pass Through from Carrier</b>

**Pricing effective April 3, 2023**

## MEMORANDUM

To: Ed Serna, Executive Director, TWC

From: Juan Garcia, Manager, PPD Program

Date: April 3, 2023

Subject: Request for approval of Price Revisions for the State Managed contract 962-SS, Freight and Logistics Services, Large Package Only

As part of the master agreement with the Texas Comptroller of Public Accounts (CPA), WorkQuest and State Purchasing Davison (SPD) are currently developing updated specifications for State Managed contract 962-SS, Freight and Logistics Services, Large Package Only. This contract has been in place since 2017 and is performed by Southeast Vocational Alliance (SVA), a certified CRP from Houston.

The pricing for this contract has not been increased since the contract was established, and as a part of the specification update, SVA is requesting an increase in the transaction fee amounts. SVA has also simplified the accessorial fee pricing structure to now have all additional fees charged by the carrier and agreed upon by the customer included as part of the freight pass-through. Previously accessorial costs were a fixed amount. This information was submitted to the CPA for review and has been found acceptable.

Attached is the new pricing structure along with the current accessorial fee prices that are being discontinued as standalone and rolled into the revised prices.

Let us know if you have any questions or need to discuss.

**Approved in full:**

  
\_\_\_\_\_  
Edward Serna, Executive Director, TWC

04/03/2023  
Date