

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 OFFICE OF PURCHASING
 P.O. BOX 30026, LANSING, MICHIGAN 48909

CONTRACT AGREEMENT NO. 0554

between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR		TELEPHONE Allen Drouare (517) 885 2418
Electronic Data Systems Corporation (16799) 905 Southland St., Room 1023 Lansing, MI 48910		
		Sharon Walenga, C.P.M.
COMMODITY #7099 (918-75) Development and Maintenance of the Retail Sales System (RSS) for the Department of Natural Resources (DNR)		BID LIST #0198
CONTRACT PERIOD	From: June 15, 1994	To: March 1, 2000
TERMS	Net 30	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		
MISCELLANEOUS INFORMATION: ESTIMATED CONTRACT VALUE: \$7,753,171.00 This contract consists of the Request for Proposal (RFP) No. 94-G00113, as amended and the contractor's proposal, as amended. In the event of any conflict between the terms of the State and those of the contractor, those of the State take precedence. Note: Contract includes all options available to the State, however, there is no commitment to the contractor regarding the State to exercise any of these options. DNR will be responsible for issuing a contract release for the goods/services required.		

THIS IS NOT AN ORDER: This contract agreement is awarded on the basis of our inquiry bearing the Bid No. 94-G00113. A Purchase Order Form will be issued only as the requirements of the State Departments are submitted to the Office of Purchasing. Orders for delivery may be issued directly by the State Departments through the issuance of a Departmental Purchase Order/Contract Release Form.

All terms and conditions of the request for quotation or request for proposal are made a part hereof.

FOR THE CONTRACTOR:

FOR THE STATE:

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

Signature

Name

Title

Date

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I. General Information

A. Purpose

The purpose of this Request For Proposal (RFP) is to obtain proposals and quotations for implementing and supporting the Michigan Department of Natural Resources Retail Sales System. The Retail Sales System will initially support the sale of hunting and fishing licenses and applications but may subsequently be used for sale of other licenses or permits or for entry of orders for real goods. The Retail Sales System includes both sales through point-of-sale terminals around the State and direct sales by telephone and mail order. This RFP addresses Retail Sales System management functions and point-of-sale automation. Direct sales of licenses will be contracted at a later time, by way of either mutually-acceptable modification of the Contract resulting from this RFP or separate contracts or agreements between the State and other parties. It will be the responsibility of this Contractor to integrate direct sales with the requirements specified in this RFP.

This RFP includes requirements for the five work elements described below. Proposals must address all of these elements. No proposals for partial fulfillment of the work described in this RFP will be considered.

System Development and Integration

This RFP requires development and integration of hardware, communications facilities, and software to support the Retail Sales System described in Section II of this RFP and the appended System External Specifications (SES). The system development and integration portion of this contract will be fixed price.

Point-of-Sale (POS) Terminals

This RFP requires provision, installation, agent training, maintenance, terminal supplies, and removal of point-of-sale terminals in an estimated 2,000 locations throughout the State of Michigan. Terminals will be leased based on monthly per unit prices. At the option of the State upon termination of this contract, any terminals under lease or in the Contractor's inventory to fulfill the terms of this contract shall become property of the State (see Section AE).

Operations Support

This RFP requires operations support for the Retail Sales System from completion of pilot testing until February 28, 2000. Operations support includes data communications facilities, management, and usage charges; returned document processing; maintenance of software; maintenance of hardware

other than POS terminals; disaster recovery; and user assistance and support. Operational support costs will be paid monthly based on the unit prices in Contractor's price proposal. ➤

License and Other Stock

This RFP requires that the license stock used in POS terminals and other stock be purchased by the Contractor and delivered to agents and the Department warehouse. Payment for the stock will be made in full at the price quoted in the Contractor's price proposal following delivery and receipt of invoice.

System Enhancements

This RFP requires that the Contractor provide additional system enhancements, at the State's discretion following installation of the Retail Sales System, to expand its capabilities or to integrate upgrades of commercial software used in the Retail Sales System. Future system enhancements will be paid based on hourly labor rates and actual costs of third-party hardware and software.

B. Issuing Office

This RFP is issued by the Office of Purchasing, State of Michigan, Department of Management and Budget (DMB), hereafter known as the Office of Purchasing, for the State of Michigan, Department of Natural Resources (Department). Where actions are a combination of those of the Office of Purchasing and the Department, the authority will be known as the State.

The Office of Purchasing is the sole point of contact in the State with regard to all procurement and contractual matters relating to the services described herein. The Office of Purchasing is the only office authorized to change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of this Request For Proposal and any contract(s) awarded as a result of this Request. The OFFICE OF PURCHASING will remain the SOLE POINT OF CONTACT throughout the procurement process, until such time as the Director of Purchasing shall direct otherwise in writing. --See Paragraph I-C below. All communications concerning this procurement must be addressed to:

Sharon Walenga, Buyer
DMB, Office of Purchasing
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909

Fax: (517) 335-0046

C. Contract Administrator

Upon receipt at the Office of Purchasing of the properly executed Contract Agreement, it is anticipated that the Director of Purchasing will direct that the person named below be authorized to administer the Contract on a day-to-day basis during the term of the Contract. However, administration of any contract resulting from this Request implies no authority to change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such contract. That authority is retained by the Office of Purchasing. The Contract Administrator for this project is:

Loren Hersey
Department of Natural Resources
Administrative Services Division
P. O. Box 30181
Lansing, MI 48909

Fax: (517) 373-6507

This responsibility may be further delegated.

D. Incurring Costs

The State of Michigan is not liable for any cost incurred by any bidder prior to signing of a contract by all parties. The activities in the proposed contract cover the period from contract award through February 28, 2000, with optional annual extensions through February 28, 2005. The State fiscal year is October 1st through September 30th. Payments for this contract, in any given fiscal year, are contingent upon enactment of legislative appropriations. All prices quoted by Bidder will be the maximum prices for the proposed contract through February 28, 2000; no price increases will be permitted except as described herein with respect to license stock and system enhancements. Prices for any extensions will be determined at least 30 days prior to such extension.

E. Prebid Meeting/Questions

The State wants each prospective bidder to have full and complete information on which to base a proposal. Rather than conduct a pre-bid meeting, the State will provide prospective bidders two (2) opportunities to submit detailed questions, and will respond completely to each question.

Every vendor registered to receive this RFP will receive copies of all written responses. The names of bidders submitting questions will not be disclosed.

Neither the DNR nor the Office of Purchasing will respond to telephone inquiries or visitation by bidders or their representatives. Questions from prospective bidders regarding this RFP must be submitted in writing; telephonic questions cannot and will not be answered. Questions should be as specific as possible and should include sufficient explanation to permit the State to provide responsive answers. Written answers to all written questions received on or prior to 5:00 PM EST on Wednesday, February 16, 1994 will be mailed to all prospective bidders on or about Wednesday, February 23, 1994. Written answers to all written questions received on or prior to 5:00 PM EST on Wednesday, March 16, 1994 will be mailed to prospective bidders on or about Wednesday, March 23, 1994.

Questions concerning the instructions, terms, conditions, and specifications contained herein and any correspondence regarding this RFP are to be submitted, in writing, to:

Sharon Walenga, Buyer
DMB, Office of Purchasing
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909

Fax: (517) 335-0046

with a copy sent to:

Loren Hersey
Department of Natural Resources
Administrative Services Division
P. O. Box 30181
Lansing, MI 48909

Fax: (517) 373-6507

Reminder: Neither the DMB Office of Purchasing nor the Michigan DNR will respond to telephone inquiries or conduct visitation by bidders or their representatives concerning this solicitation from the date of issuance of this RFP through and including the date of submission of proposals. Vendors should not contact State personnel concerning this RFP, except as provided in this document.

F. Proposals

To be considered, each bidder must submit a COMPLETE response to this RFP, using the format provided in Section III. No other distribution of proposals is to be made by the bidder. The PROPOSAL MUST BE SIGNED IN INK BY AN OFFICIAL OF THE BIDDING ORGANIZATION authorized to bind the bidder to its provisions. BIDDERS MUST ALSO COMPLETE, SIGN, AND RETURN THE COVER SHEET (FORM DMB 285) SENT WITH THIS RFP. The Technical Proposal itself must include a statement as to the period during which the Technical Proposal itself remains valid. This period must be at least one hundred eighty (180) days from the due date for responses to this RFP. However, the rates quoted in the PRICE PROPOSAL remain firm for the duration of the prospective contract (see Paragraph I-D).

G. Oral Presentations/Demonstration

Bidders who submit proposals may be required to make oral presentations of their proposals to the State. These presentations provide an opportunity for the bidders to clarify the proposals through mutual understanding. The Office of Purchasing, DMB, will schedule these presentations, if required.

H. Acceptance of Proposal Content

The contents of this RFP and the proposal will become contractual obligations if a contract ensues. Failure of the successful bidder to accept these obligations may result in cancellation of the award.

The State further reserves the right to interview the key personnel assigned by the successful bidder to this project and to recommend reassignment of personnel deemed unsatisfactory by the State. The State reserves the right to approve Subcontractors for this project and to require primary Contractors to replace Subcontractors who are found to be unacceptable.

I. Economy of Preparation

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the Bidder's ability to meet the requirements of the RFP. The proposal should be organized in a way which is easily compared with the requirements of this RFP. Fancy bindings, colored displays, promotional material, etc., will receive

no evaluation credit. Emphasis should be on completeness and clarity of content.

J. Prime Contractor Responsibilities

The Prime Contractor will be required to assume responsibility for all contractual activities described in this proposal whether or not that Contractor performs them. Further, the State will consider the Prime Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated contract; provided, however, that payment may be assigned upon advance approval by the Office of Purchasing. If any part of the work is to be subcontracted, responses to this RFP should include a list of Subcontractors, including firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning Subcontractor's organizational abilities. The State reserves the right to approve Subcontractors for this project and to require the Prime Contractor to replace Subcontractors found to be unacceptable. The Prime Contractor is totally responsible for adherence by the Subcontractor to all provisions of the contract.

K. News Releases

News releases or distribution of vendor sales literature pertaining to this RFP or the services, study, data, or project to which it relates will not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the program are to be released without prior approval of the State and then only to persons designated.

L. Selection Criteria

Responses to this RFP will be evaluated based upon the process defined below.

The State will review all responses for compliance with purchasing rules and regulations. Only those responses found to be in compliance will be further evaluated. Technical and price proposals will then be evaluated as described below.

Each proposal received which complies with purchasing rules and regulations will be independently evaluated by members of a Joint Evaluation Committee (JEC) appointed by the Office of Purchasing. Members of the JEC will be State

employees. Other State personnel and/or consultants will serve in an advisory capacity to the JEC to perform detailed analyses.

The State reserves the right to request and evaluate additional information from bidders. Each member of the JEC will independently evaluate and score each proposal. The JEC will then meet and discuss the proposals and, if appropriate based on such discussion, members may adjust their score. The JEC will then develop a consensus score.

After this scoring of the technical and management components of each proposal is completed, prices will be opened and a score for price will be assigned. Bidders will be ranked according to the number of points assigned to their proposals.

Usually, although not always, scores will tend to fall into clusters. If a single proposal is far superior in terms of both price and technical and management capabilities, the State reserves the right to award a contract to that bidder without further consideration. More likely, a group of proposals will fall into an upper cluster which the State will consider "competitive". There is no pre-determined spread of points that comprises a competitive range.

In addition to the scoring described below, the State will evaluate whether it can afford to contract with each of the bidders. The State currently sells hunting and fishing licenses using controlled documents which are sold through agents and is unwilling to contract for the automated point-of-sale system described in this RFP at a net cost to the State as compared to the cost of continuing the present system. By award of this Contract, the State expects to avoid costs and increase revenues through February 28, 2000 equal to approximately \$8,400,000. However, only a portion of the costs anticipated as a result of this RFP will be paid by the State out of these anticipated savings; those costs are identified in the Price Proposal section of this RFP so that bidders may compare their price proposals to the anticipated financial benefit for the State. Further, the JEC will revise the State's estimate of financial benefits based on any added or reduced value to the State offered by a bidder's proposal. A bidder whose proposal is not affordable but is otherwise competitive may be asked to prepare a Best and Final Offer as described below; however, the State will not accept a final proposal which is not affordable.

The JEC will prepare a Deficiency Report and Clarification Request for each proposal which the State considers competitive. Bidders will be allowed to respond in writing to the Deficiency Report and Clarification Request with a Best and Final Offer. The Best and Final Offer may include

any changes to the original proposal to address the listed deficiencies, including alterations to the original cost proposal to address correction of such deficiencies. These Best and Final Offers must be submitted by the deadline established by the Office of Purchasing at the time the Deficiency Report and Clarification Request is issued.

After reviewing the Best and Final Offers, the JEC will re-evaluate the proposals using the original evaluation method. If an alteration to the originally published evaluation criteria is to be made, such changes in the criteria will be published in conjunction with the issuance of the Deficiency Reports and Clarification Requests.

The JEC will publish a synopsis of their findings with a recommendation for award to the State Purchasing Director. The State Purchasing Director shall determine if the proposed recommendation supports the best interests of the State as defined by statute.

Bidders will NOT be provided any information about other proposals or prices or where the bidder stands in relation to others at any time during the evaluation process. Any request for such information will be viewed as a compromise to the stated evaluation process and the requesting bidder may be eliminated from further consideration. Successful requests for proposal information by a bidder, its subcontractor, or an affiliated party before contract award may also result in disqualification.

Bidders are cautioned to proposed their best possible offers at the outset of the process, as there is no guarantee that any bidder will be allowed an opportunity to submit a Best and Final Offer.

Scoring by the JEC will be based on the criteria described below. The maximum points available in each major category will be assigned to the proposal which best fulfills the criteria of that category. Each of the other bidders will receive proportionally lower points based on the score assigned by the JEC.

1. Bidder Stability, Experience, and Qualifications - 10 points

Bidder must demonstrate financial and management stability, recent experience in similar projects, and a record of success which will warrant the State's long-term commitment and reliance on the Bidder to fulfill the goals of this project.

2. Understanding of the Problem - 10 points

The written proposal should indicate that the Bidder understands the goals of the project as stated in Section II. The proposal should be comprehensive and thorough, demonstrating understanding of the project objectives and critical success factors. Bidder's proposal should clearly show how each of the State's requirements will be met.

3. Systems Development, Integration, and Enhancement
Technical Proposal - 15 points

The written proposal should indicate that the Bidder will develop and integrate a Retail Sales System which fulfills the State's requirements, is well-architected and well-documented, will be easy and productive to use, will have few defects and will be easily maintained. The proposed system should make good use of commercial application software products and modern development tools and methods. The system architecture should be modular, facilitating evolution and re-use of system components.

4. Point-of-Sale Terminal, Stock, and Agent Services
Technical Proposal - 10 points

The proposed terminal, stock, training, documentation, telephone support, and other services should assure acceptance and successful use by the Department of Natural Resources retail agents. Equipment and services should be reliable.

5. Operations Support Technical Proposal - 10 points

Bidder should demonstrate a thoughtful and effective approach to ongoing operational support of the Retail Sales System. Data communications should be reliable, flexible, and continuously managed for low cost. Returned document processing should be timely and data should be reliable. Bidder should be committed to preventive maintenance and prompt repair of equipment and software. Disaster recovery plans and support should warrant reliance on the Retail Sales System. User assistance and support must be available. Bidder must be dedicated to continuous improvement of both quality and costs of retail sales operations.

6. Project Team, Project Management Approach, and Work Plan - 10 points

The bidder should propose a project team with sufficient skills and depth to accomplish project goals timely and efficiently. The project management team should have demonstrated technical and project leadership skills to assure the project will be

completed successfully, on time, and with full accountability to the State. Bidder's project work plan should demonstrate understanding of project dependencies and resource requirements. Bidder's quality assurance program should demonstrate dedication to and ability to achieve high quality systems development and continuous improvement of operations.

7. Price - 35 points

For scoring purposes, the State will consider total project costs, including those costs which will be passed through to its retail agents. The State reserves the right to adjust bidder's cost as demonstrated in the price proposal to recognize any hidden costs or added financial benefits to the State or its agents. The bidder with the lowest project cost will receive 35 points. Other bidders will receive lower scores proportional to the ratio of the lowest cost proposed to Bidder's cost.

M. Independent Price Determination

1. By submission of a proposal, the bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:
 - a. the prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other bidder or with any competitor; and
 - b. unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the bidder and will not knowingly be disclosed by the bidder prior to award directly or indirectly to any other bidder or to any competitor; and
 - c. no attempt has been made or will be made by the bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.
2. Each person signing the proposal certifies that she/he:
 - a. is the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the

proposal and has not participated (and will not participate) in any action contrary to 1.a., b., and c. above; or

- b. is not the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized, in writing, to act as agent for the persons responsible for such decision in certifying that such persons have not participated (and will not participate) in any action contrary to 1.a., b., and c. above.
3. A proposal will not be considered for award if the sense of the statement required in the Cost and Price Analysis portion of the proposal has been altered so as to delete or modify 1.a., c., or 2. above. If 1.b. has been modified or deleted, the proposal will not be considered for award unless the bidder furnishes with the proposal a signed statement which sets forth in detail the circumstances of the disclosure and the Issuing Office determines that such disclosure was not made for the purpose of restricting competition.

N. Changes in the RFP

Changes made to the RFP as the result of response made to questions or concerns raised through correspondence will be put in writing to each vendor until seven (7) working days prior to date of sealed bid opening. Neither the Department of Natural Resources nor the Office of Purchasing will respond to telephone inquiries or visitation by bidders or their representatives. The Office of Purchasing does not commit to answering questions during the last seven (7) work days prior to sealed bid opening date.

O. Sealed Bid Receipt

PROPOSALS MUST BE RECEIVED AND TIME-STAMPED IN THE OFFICE OF PURCHASING ON OR BEFORE THE DUE DATE AND TIME SPECIFIED ON THE COVER PAGE OF THE RFP.

Bidders are responsible for timely receipt in the Office of Purchasing of their proposal. PROPOSALS WHICH ARE RECEIVED AFTER THE SPECIFIED DUE DATE AND TIME CANNOT BE CONSIDERED.

P. Disclosure

All information in a Bidder's proposal is subject to disclosure under the provisions of Public Act No. 442 of 1976 known as the "Freedom of Information Act." This act

also provides for the complete disclosure of contracts and attachments thereto.

Q. Award

The State reserves the right to award by item, part or portion of an item, group of items or total proposal, to reject any and all proposals in whole or in part, if, in the Director of Purchasing's judgment, the best interest of the State will be so served. In determination of awards, the qualification of the bidder, the conformity with the specifications of services to be supplied and the delivery terms will be considered.

R. Taxes

The State of Michigan is exempt from Federal Excise Tax, State or Local Sales Tax. Exemption Certificates for Federal Excise Tax will be furnished upon request.

S. Invoicing and Payment

Specific detail of invoices and payments will be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been accepted and signed by both the Contractor and the Director of Purchasing, Department of Management and Budget. This activity will occur only upon the written direction of the Office of Purchasing. The payment schedule to be agreed upon will be subject to the following conditions.

System Development and Integration

The specific payment schedule for system development and integration will be progressive and based on successful completion and acceptance by the Department of specific project milestones as approved by Department in the Contractor's project plan. No payments will be made until successful completion of the Sales Outlet Pilot.

Bidder must offer, and the State may accept at its option, financing of system development and integration during the initial term of the contract, running through February 28, 2000. Such financing shall be based on level monthly payments from completion of the Sales Outlet Pilot through February 28, 2000.

Point-of-Sale Terminals

Point-of-sale terminals, including installation, agent training, terminal user support, maintenance, supplies, and removal will be paid as a fixed monthly lease fee per terminal in operation, beginning immediately on successful completion of the production pilot test. Payments for terminals placed into or removed from operation will be prorated for the portion of the month during which they are in service, including the day of installation or removal.

License Stock

License stock will be purchased by the Contractor and delivered to license agents and the Department warehouse, in quantities determined by optimal inventory control methods. The Department will pay Contractor in full after delivery and receipt of invoice and supporting documentation. Department reserves the right to purchase the stock from other sources after the first year of operation. If Department exercises this option, Contractor must provide license stock specifications to the Department at no cost for its use in purchasing the stock from another party.

Operations Support

Operations support includes data communications facilities and usage charges; returned document processing; maintenance of hardware and software other than POS terminals; and management user assistance and support. Operations support costs will be paid monthly after completion of the production pilot test, after delivery and receipt of invoice and supporting documentation.

System Enhancements

The scope of this Contract may be expanded at the State's option to include additional system enhancements. The State reserves the right to bid any such enhancements. Prices for such enhancements will be negotiated between the State and the Contractor and reflected in a contract addendum.

Payment to the Contractor for authorized system enhancements beyond the requirements of this RFP shall be at the rate(s) per unit of work applied to the number of units worked. It shall be the Contractor's responsibility to maintain adequate records of units worked and present billings to the Department for approval and payment. In no event shall the Contractor be reimbursed for work, equipment, software, or other materials not authorized or for units of work,

equipment, software, or other materials in excess of those authorized. It shall be the Contractor's responsibility to obtain the Department's written approval prior to incurring units of work. Additional hardware or software provided by Contractor in support of system enhancements will be paid at actual cost as supported by invoices from suppliers; documentation of sound purchasing practices shall also be included with invoices.

All payments to the Contractor will be based on invoices for actual work done. Invoices for system development and integration will identify project milestones accomplished and accepted by the Department. Monthly invoices for POS terminal lease and Operations Support shall show the amounts due for the completed month, including the prorated number of terminals in operation. Any previously unpaid liquidated damages claimed by the State against the Contractor by the date of an invoice will be deducted from the resulting payment.

All payments due the Contractor under the contract shall be processed utilizing the State of Michigan's vendor payment system, which normally requires thirty days processing time following submission of an invoice.

BIDDERS PLEASE NOTE: Prices quoted in response to this Request are firm for the duration of the proposed contract, except where adjustments are specifically permitted in this RFP; no other increases will be permitted.

T. Accounting Records

The Contractor will be required to maintain all pertinent financial and accounting records and evidence pertaining to the contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Department of Auditor General at any time during the contract period and any extension thereof, and for three (3) years from expiration date and final payment on the contract or extension thereof.

U. Michigan Printing Law

All printing under this contract must be in compliance with Public Act 153 of 1937, as amended. The provisions of the Printing Act are applicable to the Contractor and all Subcontractors.

V. Right-to-Know Act

The "Right-to-Know Act", Public Act 80 of 1986, is intended to provide protection and information to employees who encounter hazardous substances in the workplace. To comply with this act, it is necessary that you fulfill the following:

Labels on all incoming containers of hazardous chemicals must (1) clearly state the identity of the contents, (2) display appropriate hazard warning(s), (3) include first aid information, and (4) list the name and address of the chemical manufacturer, importer, or other responsible party.

A material safety data sheet must be included with shipment of chemical or hazardous material to the receiving State agency. It is necessary to send this document only on the first shipment for each chemical formulation or hazardous material ordered by a specific agency except where there has been a change in the formulation of the specified chemical or hazardous material, in which case, a revised material safety data sheet shall accompany the first shipment of the changed formulation. It is the responsibility of the shipping vendor to maintain this record. The receiving agency will not accept first shipment unless the above is complied with. It is recommended that OSHA Material Safety Data Sheet No. 174 be used.

W. Cost Liability

The State of Michigan assumes no responsibility or liability for costs incurred by the Contractor prior to the signing of any Contract resulting from this Request. Total liability of the State is limited to the terms and conditions of this RFP and any resulting contract.

X. Contractor Personnel

Contractor shall warrant that all persons assigned by it to the performance of this Contract shall be employees of the Contractor (or specified Subcontractor) and shall be fully qualified to perform the work required herein. The Contractor shall include a similar provision in any contract with any Subcontractor selected to perform work hereunder.

During the course of the Contract, the State reserves the right to disapprove the Contractor's and any Subcontractor's staff assigned to this contract, disapprove any proposed changes in staff, or to require the removal or reassignment of any Contractor employee or Subcontractor employee found unacceptable by the State for good cause. Good cause includes but is not limited to: any conflict of interest,

real or apparent, by the Contractor or Subcontractor, or any persons employed by them; violation of security or confidentiality requirements of this RFP; and violation of administrative rules and regulations concerning conduct on State premises. The Contractor shall, upon request, provide the State with a resume of any member of its staff or Subcontractor's staff assigned to or proposed to be assigned to any aspect of the performance of this Contract.

Y. Patent and Copyright Protection

Contractor, at its sole expense, will defend all suits brought against the State, its agencies and employees, for the infringement of United States patents or copyrights by the contract items furnished hereunder, and will satisfy any monetary judgment rendered against the State, its agencies and employees for such infringement. The State shall give Contractor prompt written notice of all such suits and shall reasonably cooperate with Contractor in the defense of such suits, at no cost or expense to the State, its agencies and employees.

If the items furnished hereunder do become the subject of a lawsuit or claim of infringement of a United States copyright or patent, or the Contractor becomes aware that such items are likely to become the subject of a lawsuit or claim of infringement, Contractor will immediately notify the State in writing, and, without diminishing Contractor's obligation to defend the State against such claim and to satisfy any monetary judgment rendered against the State, its agencies and employees, Contractor may exercise one of the following three options in order to provide the State with continued uninterrupted use of equipment and software for the purposes of and contemplated by this contract:

- a. Obtain for the State the right to continue the use of the infringing item at no cost to the State.
- b. Substitute for the alleged infringing items other equivalent or better items deemed satisfactory to the State, at no additional cost to the State.
- c. An alternative acceptable to both the Contractor and the State.

In the event the use of the items furnished hereunder is prevented by preliminary and/or permanent injunction, or in any other manner, Contractor must, immediately upon notice to it of the action preventing the State's use of the item, exercise one of the three options provided above so as to provide the State with continued, uninterrupted use of

equipment and applications as contemplated by this contract, at no additional cost to the State.

Z. Data Security

Data created or obtained through the use of the Retail Sales System shall be the property of the State. Contractor, its Subcontractors and employees will not modify, obtain, or make use of these data except as necessary in the execution of their duties under this contract. The Contractor will be responsible for maintaining positive policies and procedures for safeguarding the security of such data and may be liable civilly or criminally for negligent release of such information.

Contractor, its Subcontractors and employees, will employ positive measures to prevent introduction of any viruses, backdoors, worms, or other mechanisms into the Retail Sales System or other Department data processing equipment which may render it inoperable, damage data, or provide unauthorized access to the system or data.

AA. Rights in Products

The complete Retail Sales System (not necessarily including terminal hardware) developed pursuant to this RFP shall become property of the State, subject to the normal license terms of any proprietary software integrated into the system and the licensing terms described herein for custom software. Software licenses assigned to the State shall include the right to continued use and to obtain any subsequent upgrade, update, fix, or patch offered by the software supplier at the lowest price offered by that supplier in the general marketplace; the State understands that Contractor may not be able to bind the software supplier's future business practices but intends to avoid cost shifting by Contractor onto future State operations. The State will not transfer the Retail Sales System nor any component thereof to any other organization or person for independent use by that organization or person.

All original printed or electronic system documentation including reports, blueprints, programs, tapes, recordings, photographs, listings, artwork and other materials originated and prepared for the State pursuant to this contract shall belong exclusively to the State. All such materials not requested by the Department MUST be retained by the Contractor for the duration of the contract at no charge to the State. All property must be returned to the State, in an orderly manner, within ninety (90) calendar days after cancellation or expiration of the contract.

The ideas, concepts, know-how or techniques relating to and developed during the course of the contract by Contractor or Subcontractor personnel or jointly developed by Contractor or Subcontractor and State personnel may be used by Contractor at no cost upon agreement by the State that such use does not harm its interests.

Each invention, discovery or important improvement which includes ideas, concepts, know-how, or techniques developed pursuant to this Contract shall be treated as follows:

if made by State personnel, it shall be the property of the State;

if made by Contractor's personnel, it shall be the property of the Contractor and the Contractor will grant the State a non-exclusive, irrevocable and royalty-free license throughout the world.

If made jointly by personnel of the Contractor and the State, it shall be jointly and equally owned.

AB. Indemnification

The Contractor shall indemnify and hold harmless the State of Michigan and its agents and employees from and against all claims, damages, losses and expenses including attorneys' fees arising out of or resulting from the performance of the work, which includes all labor, material and equipment required to produce the commodity, construction and/or service required by the contract/purchase order, provided that any such claim, damage, loss or expense (1) is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the work itself) including the loss of use resulting therefrom, and (2) is caused in whole or in part by any negligent act or omission of the Contractor, any Subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable.

In any and all claims against the State of Michigan or any of its agents or employees by any employee of the Contractor, any Subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation under this contract/purchase order shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any Subcontractor under Worker's Disability Compensation Acts, disability benefit acts or other employee benefit acts.

The obligations of the Contractor under this contract shall not extend to the liability of the State of Michigan, its agents or employees arising out of (1) the preparation or approval of maps, drawings, opinions, reports, surveys, change orders, designs or specifications, or (2) the giving of or the failure to give directions or instructions by the State of Michigan, its agents or employees provided such giving or failure to give is the primary cause of the injury or damage.

AC. Contractor's Liability Insurance

The Contractor shall purchase and maintain such insurance as will provide protection from claims set forth below which may arise out of or result from the Contractor's operations under the Contract (Purchase Order), whether such operations be by himself/herself or by any Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

- 1) Claims under workers' disability compensation, disability benefit and other similar employee benefit act. A non-resident Contractor shall have insurance for benefits payable under Michigan's Workers' Disability Compensation Law for any employee resident of and hired in Michigan; and as respects any other employee protected by workers' disability compensation laws of any other State, the Contractor shall be insured or participate in a mandatory State fund to cover the benefits payable to any such employee.
- 2) Claims for damages because of bodily injury, occupational sickness or disease, or death of his employees.
- 3) Claims for damages because of bodily injury, sickness or disease, or death of any person other than his employees, subject to limits of liability of not less than \$300,000 each occurrence and, when applicable \$1,000,000 annual aggregate, for non-automobile hazards and as required by law for automobile hazards.
- 4) Claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom, subject to a limit of liability of not less than \$50,000 each occurrence for non-automobile hazards and as required by law for automobile hazards.
- 5) Insurance for Subparagraphs (3) and (4) non-automobile hazards on a combined single limit of liability basis shall not be less than \$300,000 each occurrence and when applicable, \$1,000,000 annual aggregate.

The insurance shall be written for not less than any limits of liability herein specified or required by law, whichever is greater, and shall include contractual liability insurance as applicable to the Contractor's obligations under the Indemnification clause of the Contract (Purchase Order).

BEFORE STARTING WORK AND WITHIN FIVE (5) WORK DAYS OF CONTRACT SIGNING, THE CONTRACTOR MUST FURNISH TO THE DIRECTOR OF THE OFFICE OF PURCHASING, CERTIFICATE(S) OF INSURANCE VERIFYING LIABILITY COVERAGE WITH THE STATE OF MICHIGAN AS AN ADDITIONAL INSURED PARTY. THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING. These Certificates shall contain a provision that coverages afforded under the policies will not be cancelled until at least thirty (30) days prior written notice bearing the Contract Number or Purchase Order Number has been given to the Director of Purchasing.

AD. Liquidated Damages

It is agreed by the State and Contractor that:

If the Contractor does not provide or perform the requirements referred to or listed in this RFP, damage to the State will result;

Proving such damages will be costly, difficult, and time consuming;

The damage amounts listed in this section represent a good faith effort to quantify the range of harm that could reasonably be anticipated at the time of the making of the contract.

Nothing in this provision shall be construed as relieving the Contractor from performing all contract requirements whether listed herein or not, nor as diminishing the State's right to enforce or to seek other remedies from failure to perform any other contract duty.

The Department will monitor Contractor performance and determine liquidated damage claims based on the Contractor's development project plans and status reports and on data in the Retail Sales System database as described in the SES.

Once the Department has determined that liquidated damages are to be assessed, the Contract Administrator shall notify the Contractor of the assessment (or assessments). Any liquidated damages assessment may be collected, at the Contract Administrator's discretion, by withholding the

funds from any payment (or payments) due the Contractor after the date of assessment or by directing the Contractor to make payment of the assessment to the Department. If payment is directed, the Contractor shall pay the assessment within thirty (30) calendar days of receipt of the assessment notice.

If the Contractor wishes to appeal a liquidated damages assessment, the Contractor must deliver that appeal in writing to the Department's Contract Administrator and the Director of Purchasing within 15 calendar days of receiving notice of the assessment. The Director of Purchasing shall be sole judge of such appeal and will make determination of the issue within 14 calendar days of receiving the appeal. If the Director of Purchasing determines that any damage was caused in part by the State, the Contract Administrator shall reduce damage assessment against the Contractor proportionately. Financial settlement, by either party, of appealed liquidated damages assessments will be made within thirty calendar days of the Director of Purchasing's decision concerning the appeal.

Once the Contract Administrator has assessed liquidated damages for a persistent or recurrent problem, the State will withhold payment to the Contractor or receive payments from the Contractor monthly for damages occurring in the preceding month, until the condition is corrected. As determined appropriate by the Contract Administrator, the Contractor may obtain relief from the continued assessment of liquidated damages under the following conditions:

Except as waived by the Contract Administrator, no liquidated damages imposed on the Contractor shall be terminated or suspended until the Contractor has issued a written notice of correction to the Contract Administrator verifying the correction of condition(s) for which liquidated damages were imposed, and all the Contractor corrections have been subjected to system testing, documentation, or other verification at the discretion of the State's Contract Administrator.

If any portion of this liquidated damages provision is determined to be unenforceable in one or more of its applications, all applications not determined to be invalid that are severable from the invalid applications remain in effect. If any portion of this liquidated damages provision is determined to be unenforceable in total, the other portions of this provision shall remain in full force and effect.

The following conditions will result in assessment of liquidated damages:

1. System Development and Integration.

Condition: Failure to complete system development and pilot testing in time to assure the State that the Retail Sales System will be operational on March 1, 1995. The Contract Administrator may determine that this condition has occurred at any time between September 15, 1994 and March 1, 1995.

Damage: The Contract Administrator may assess the cost of acquiring printed licenses to support continued license sales using the State's current methods from March 1, 1995 until February 28, 1996. However, at Contract Administrator's option, such damages may be limited to the cost of acquiring licenses to assure continued license sales using the State's current methods from March 1, 1995 until implementation of the Retail Sales System at some date earlier than February 28, 1996. Anticipated cost of such materials is \$450,000 but damage assessed will be actual invoiced costs of the stock ordered.

2. Retail Sales System Continuity of Store-and-Forward Operations

Condition: The Retail Sales System is unable to poll all installed and operational store-and-forward terminals and retrieve sales data by 6:00 am prevailing Eastern Time the day following the date of sale. If such data are successfully retrieved but not fully processed, this condition does not apply. Note that this condition does not apply to failures of individual terminals which are addressed under condition 6 below. Damages will not be assessed if store-and-forward operations fail due to common-carrier telephone system failure or utility failures beyond control of the Contractor, provided that recovery from such failures is not within the scope of Contractor's disaster recovery plan as accepted by the State.

Damage: No damages shall be assessed for the first 24 hours of the Retail Sales System's failure to complete store-and-forward operations. After 24 hours, for each day or fraction thereof the Retail Sales System is unable to complete store-and-forward operations, the Contract Administrator may assess liquidated damages up to total Department Retail Sales by the affected Department Retail Sales agents on the same date of the previous year.

3. Retail Sales System Continuity of On-line Operations

Condition: The Retail Sales System is unable to respond to terminals which dial-in to complete on-line transactions.

Damage: The Contract Administrator may assess liquidated damages of \$2.50 per call to which the system is unable to correctly respond.

4. Retail Sales System Funds Collection

Condition: The Retail Sales System is unable to initiate electronic funds transfer according to planned schedules.

Damage: The Contract Administrator may assess liquidated damages of 1/365 of the then current rate of return on the State's common cash fund, times the uncollected float for each day by which electronic funds transfer is delayed plus any funds not ultimately collected which should have been collected by the delayed transfer.

5. Terminal Installation

Condition: Failure to install a POS terminal by the scheduled installation date as provided in this RFP. Damages will not be assessed if the terminal cannot be installed because of telephone service problems, or other situation not the fault of the Contractor. Determination of exceptions may be made by the Contract Administrator.

Damage: The Contract Administrator may assess liquidated damages in the amount of \$55.00 per day per terminal for any terminal that is not installed by the scheduled installation date.

6. Terminal Maintenance

Condition: Contractor-maintained terminals are not repaired or replaced and operational within twenty-four (24) hours of notification of a less than fully operational terminal condition. Exceptions may be allowed if the problem is fully attributable to telephone failure, agent error, or other external causes and delay in identifying and correcting the problem are beyond the Contractor's control. Exceptions will also be made if roads or the agent business are closed. Determination of exceptions may be made by the Contract Administrator.

Damage: The Contract Administrator may assess liquidated damages of \$55.00 per day or fraction thereof, after the first twenty-four hours (24), during which a terminal is less than fully operational.

7. Unauthorized Software/Hardware Modifications

Condition: The Contractor shall not modify any software or equipment without the prior written consent of the Contract Administrator or his designee pursuant to the Change Management procedure described herein. The Contractor shall not violate the data security provisions of this contract.

Damage: The Contract Administrator may issue a written order that the change or modification be removed and the system restored to its previous operating condition and that any consequent data errors be corrected at the Contractor's expense. Further, the Contract Administrator may assess liquidated damages in the amount of \$10,000 per violation to compensate the State for the extra costs of supervising the Contractor which it expects to incur as a result of this condition. Assessment of liquidated damages under this provision will be in addition to any damages for discontinuity of operations or other conditions provided herein.

8. Faults in System Integration or Custom Software

Condition: A fault in system integration or custom software development is discovered after system acceptance by the Contract Administrator. Contractor discovers the fault and fails to report it to Contract Administrator or fails to correct the fault pursuant to part II.D.4 of this RFP.

Damage: The Contract Administrator may issue a written order that the fault be corrected and that any consequent data errors be corrected at the Contractor's expense. Further, the Contract Administrator may assess liquidated damages in the amount of \$5,000 per violation to compensate the State for the extra costs of supervising the Contractor which it expects to incur as a result of this condition. Assessment of liquidated damages under this provision will be in addition to any damages for discontinuity of operations or other conditions provided herein.

AE. Cancellation

CANCELLATION OF CONTRACT by the State may be for a) default by the Contractor or b) lack of further need for the service or commodity at the location named in the contract. Default is defined as the failure of the Contractor to fulfill the obligations of his quotation, contract, or purchase order. In case of default by the Contractor, the State may cancel the contract or purchase order immediately. The State may then procure the articles or services from other sources and hold the Contractor responsible for any excess costs

occasioned thereby. In the case of default by the Contractor, the State will only pay for completed work and no payments will be made for work in progress.

In the event the State no longer needs the service or commodity specified in the contract or purchase order due to program changes; changes in laws, rules or regulations, relocation of offices, or lack of funding, the State may cancel the contract or purchase order, without liability to the State for any direct, indirect, incidental, consequential, or other damages as a result of the cancellation, by giving the Contractor written notice of such cancellation 30 days prior to the date of cancellation. In the event that the State cancels all or a portion of the Contract for its convenience, Contractor will be paid for work in progress at the time notice is given for such cancellation.

The State reserves the right to separately cancel the following portions of this contract under the conditions and terms described herein:

Point-of-Sale Terminals

The State shall have the option, by giving the Contractor written notice 30 days prior to the date of cancellation, to purchase the point-of-sale terminals leased to the Department or held in Contractor's inventory for fulfillment of this contract. Upon completion of such purchase, the State will assume responsibility for subsequent installation, agent training, agent support, terminal maintenance, terminal supplies, and removal.

If the State chooses to purchase the point-of-sale terminals and cancel this portion of the contract the State will pay the Contractor the residual value of the terminals according to the following formula:

Let x be the number of months, rounded up, since a terminal was first placed into service under this contract. If a terminal was removed from service for a period of time after its initial placement into service under this contract, let the number of months it was out of service, rounded down, be represented by y . For each terminal in service, the State will pay the Contractor the terminal purchase price specified in the Contractor's bid multiplied by $(60-x+y)/60$. In addition the State may exercise its option to purchase a stock of new replacement terminals at the time of cancellation.

Operations Support

The State shall have the option, by giving the Contractor written notice 30 days prior to the date of cancellation, to take responsibility for operations support services described in this RFP. In the event of such cancellation, the Contractor shall assist the State in an orderly transition of these services. Upon such cancellation, the State will discontinue payments to the Contractor for these services without liability for any direct, indirect, incidental, consequential, or other damages as a result of the cancellation of this portion of the contract.

License Stock

License Stock is included in this contract to ensure that the Contractor proposes an optimal combination of printer and stock specifications. The State shall have the option, by giving the Contractor written notice 180 days prior to the beginning of a license year, to separately purchase, for that license year, stock fulfilling the Contractor's stock specifications from a supplier other than the Contractor.

It is contemplated that approximately one year prior to the expiration of this contract the State may award a new contract for facility management and agent terminal leasing. The parties understand and agree that the last 90 days of this contract may be used for conversion of a system to the new Contractor. This RFP Contractor shall cooperate fully and in good faith in said conversion, whether the takeover is done by State personnel or a new Contractor.

AF. Delegation and/or Assignment

The Contractor shall not delegate any duties under this contract to a Subcontractor other than a Subcontractor named in the bid unless the State Purchasing Director has given written consent to the delegation. The primary Contractor may not assign the right to receive money due under the contract without the prior written consent of the State Purchasing Director; a bidder who intends to make such assignment should so indicate in its proposal.-

AG. Minority/Women/Handicapper Subcontracting

To help insure participation in State contracts by minority, women and handicapper owned and operated businesses, the State of Michigan strongly encourages companies, when responding to Request for Proposals and Request for

Quotations, to subcontract with certified minority, woman and handicapper owned and operated businesses. For assistance in locating potential Subcontractors, contact:

Michigan Department of Civil Rights
Contractual Services Division
State of Michigan Plaza Building - 5th Floor
1200 Sixth Avenue
Detroit, Michigan 48226

Bidders should indicate in their response the names, addresses, and type of work assigned for each proposed minority/women/handicapper owned and operated firm which will be a Subcontractor. The total amount and/or percentage of dollars to be paid to such Subcontractor(s) should be included with the price submission. To assist the State in monitoring the participation of certified minority/women/handicapper owned and operated firms in State contracts, the successful bidder using such firms as Subcontractors should submit a report quarterly outlining expenditures to such firms for the reporting period. Reporting forms for this purpose will be sent with the contract.

AH. Contractor's Financial Obligation

Public Act 258 of 1992 amends the Elliot-Larsen Civil Rights Act. P.A. 453 of 1976, by requiring the Michigan Department of Civil Rights, in order to defray costs of monitoring business for equal employment practices, to assess a fee of 1/20th of one percent (.0005) of the amount of an award if the contract is \$100,000 or more. By signing this agreement, the successful contractor is obligated to payment of this fee. The fee, if required, is due and payable to the Department of Civil Rights.

AI. Risk of Loss or Damage for Leased Equipment

The lessor shall specify the care and maintenance to be provided by the lessor, if any, until ownership of the property transfers to the State in accordance with the terms and conditions of the lease agreement. The State shall otherwise maintain the leased property in good condition according to commonly accepted and/or agreed procedures and practices, with reasonable wear and tear excepted. The State shall not be responsible for loss or damage to the property from any cause or occasion which is absent of negligence by the State, its officers or employees.

The State shall not assume responsibility, cost damages or

expense arising out of death or injury to any person or damage to property caused or occasioned by the lessor's ownership and/or maintenance of the leased property. The State shall assume responsibility as permitted by the laws of the State of Michigan for any liability, cost, damages or expense arising out of death or injury to any person or damage to property caused or occasioned by the State's use, maintenance or control of the leased property.

The State shall not assume responsibility for any property or liability insurance desired by the lessor in connection with the leased property, however, the lessor may include relevant insurance expenses along with other factors considered in the lease rate (s).

During the lease period, the conditions described above for leased property apply. When the purchase option is exercised without further time payments and ownership transfers to the State, all risks of loss or damage to the property and future responsibility for liabilities in connection with the property transfer to the State.

AJ. Title

Title to equipment, accessories and devices leased under this contract shall remain with the Contractor for the 60 month lease period. Should the State elect to exercise the purchase option at the end of the 60 month lease period, the State shall notify the Contractor of its intent to purchase the equipment. The State shall pay the contractor the sum of \$1.00 in consideration for the transfer of title for all POS equipment to the State.

II.

Section II - Work Statement

A. General Background

The Department of Natural Resources administers numerous programs, including several which manage populations, habitat, and use of fish and wildlife. These programs are funded primarily through the sale of hunting and fishing licenses. The Department distributes about four million licenses and hunting permits per year to approximately two million customers. Licenses are sold through approximately 1900 agents, most of which are retail stores. Most of these agents are located within the State but a few are located in neighboring States or in the Province of Ontario. Annual sales by an agent vary from approximately 150 licenses to several thousand. Approximately thirty (30) different types of licenses are sold based on distinctions among hunting or fishing activities, residency, and age. A more complete description of the hunting and fishing license responsibilities of the Department can be found in Appendix A - System Requirements Definition (SRD), pages 1-6.

The Department wishes to replace its current license distribution system with a new approach which includes the following features:

- Accept mail and telephone orders for licenses from both residents and non-residents;

- Electronically record pertinent information on a point-of-sale terminal at the time of license purchase;

- Print licenses at the time of purchase on one kind of standard stock;

- Rely on Michigan Driver Licenses, as far as possible, for personal identification of anglers and hunters;

- Collect funds from retail agents by weekly electronic funds transfer.

This approach is expected to provide a variety of benefits, including:

- Reduced sales transaction time, inventory control work, and bookkeeping work by retail agents;

- Increased convenience for license buyers;

- Better enforcement, at point-of-sale, of license purchase regulations;

- Current, accurate data for law enforcement and survey purposes;

- Simplified inventory management and accountability;

Reduced float of license revenues with increased interest revenue, reduced collection costs, and reduced losses;

The new license distribution system is being implemented through internal changes in the Department, this RFP to obtain and support an overall retail sales information system and the point-of-sale terminals for use by the Department's retail agents, and subsequent agreements with this Contractor or other parties to obtain telephone and mail order processing and mailing services.

The proposed license distribution system has been named the Department Retail Sales System in anticipation that the Department will distribute additional items using this system. These may include additional types of licenses or permits which would be printed or controlled at point-of-sale as well as subscriptions, information products, and promotional products which might be ordered through the point-of-sale system but shipped to the purchaser from a central location.

Responsibilities of the Contractor selected through this RFP will include:

Development and integration of the Department Retail Sales System consistent with the appended System External Specifications (SES);

Providing, maintaining, and supporting use of point-of-sale terminals in both retail agent stores and Department offices;

Operations support for the Retail Sales System including data communications, returned document processing, system maintenance, disaster recovery, and user assistance;

Provision of standard license stock for use in point-of-sale terminals; and

At the State's option, assistance in future enhancements of the Retail Sales System.

These services have been bundled to assure compatibility and to cause the bidder to internalize most cost trade-offs, although the State retains the option to award them separately. The successful Contractor will carefully balance all elements of the RFP, assuring a successful, timely, and economical system implementation.

B. Systems Development and Integration

1. Introduction

Functional requirements for the Department Retail Sales System were developed by the Department using a modification of the SDM/70 methodology and information engineering tools. The appended System Requirements Definition (SRD) (see Appendix A) and System Design Objectives (SDO) (see Appendix B) documents were prepared during early phases of this process and are provided as background information. The appended System External Specifications (SES) document (see Appendix C) details the Department's requirements and supersedes the earlier documents (SRD and SDO). When these documents are inconsistent, the SES shall be used as the governing specification.

Bidder should be aware that the State views the SES as a logical, functional description of system requirements which need not excessively constrain the implementation of the system. Database requirements may be fulfilled by provision of data views defined by standard SQL queries. Data elements which are required largely for internal operation of the system may be replaced or modified as appropriate for Bidder's system implementation. Data Flow Diagrams in the SES illustrate the scope of each function or transaction but do not specify the sequence or mechanism by which the function or transaction is completed. The State is open to improvements in the system design as described by the SES, but the scope of such change should be clearly described by Bidder. Bidder should consider the use of commercial products to fulfill the State's requirements even if this will require some modification of the detailed system design.

The Retail Sales System encompasses hardware and software to fulfill the requirements detailed in the SES. The selected Contractor will provide and install all equipment or software needed to fulfill the Department's functional requirements except that which the State makes available as described in this RFP or that which will be supplied by the State's Direct Sales Contractor as described in the SES. The selected Contractor will be responsible for fully integrating the Retail Sales System, including all components supplied by the Contractor and by the State or its other contractors, to assure that the Department's functional requirements are met.

The scope of the Retail Sales System includes:

- Agent Management,
- Customer (license purchaser) Management,
- License Marketing,
- Retail Sales Revenue Collection,
- Retail Sales Management,
- Special Customer Selections,
- Retail Sales Operations Management,
- POS Terminal Support, and

Supplies Inventory Control.

Agent Management supports the processes of establishing and updating agent relationships, tracking and resolving agent problems, and supporting agent operations. Bidder should note that the Department's Retail Sales Management Section will perform those functions described within Agent Management and should intelligently integrate its agent support functions with these operations.

The Customer Management functions maintain data about customers, their residency, and eligibility for hunting licenses. Customers are identified either by their Michigan Driver License Number or, if they don't have one, by a Sportscard issued by the Department or its agents. Most customer data is either obtained at point-of-sale, from Michigan Driver License files, or from Sportscard data entry by the Direct Sales Contractor.

License marketing is mostly an analytical function based largely on customer and license sales data.

Retail Sales Revenue Collection uses sales data obtained through the point-of-sale terminals to determine accounts receivable, obtains funds through electronic funds transfer, and integrates with State Treasury functions to reconcile accounts and distribute revenue to appropriate revenue accounts.

Retail Sales Management supports the core functions of selling licenses, including order entry, order validation, license printing, and license mailing.

Special Customer Selections supports structured, randomized drawings from among license applicants or buyers. Those chosen are awarded certain limited-availability licenses or are surveyed for resource management and use information.

Retail Sales Operations Management supports the management of the Retail Sales System, including entry and updates of operating parameters, contractor work tracking, cost accounting, and quality control.

POS Terminal Support provides a variety of management functions for the POS terminals.

Supplies Inventory Control supports the acquisition, warehousing, monitoring, distribution, and return of supplies used by retail agents.

2. New System Concept

The Retail Sales System to be developed through this RFP is based on four concepts:

Customers will be identified over long periods of time, not just for single license years;

Customer and license data will be captured and validated on data processing equipment at time of sale;

Licenses will be printed at time of purchase;

Accounts receivable will be determined automatically and collected by electronic funds transfer.

These design concepts provide the means to improve license marketing, obtain higher quality and more timely data, minimize costs of license distribution and control, and obtain revenue more quickly and reliably.

The Michigan Driver License or a special identification card (Sportscard) will replace the present passbook as the customer identification. Customers without a current Michigan Driver License or Sportscard will obtain a Sportscard from the retail agent. The Sportscard will also be used as an affidavit of residency and affidavit of guardianship.

Licenses will be sold through retail agents, telephone orders, and mail orders. Retail agents will use small terminals to record customer identification and license sales data. To assure reliable operation and minimize costs, these terminals will initially be set up to perform most transactions in stand-alone mode. The central data collection facility will poll most terminals nightly to exchange data. Alternate data collection arrangements may be used to solve specific operational problems. Future evolution of the system may increase the use of on-line transactions against the central data collection system either to reduce costs or improve data validity. Mail and telephone orders will be processed on-line because these processes require better data validation for assurance of residency and license eligibility than in personal sales where documents may be examined.

Licenses will be printed after order entry rather than pre-printed. Certain licenses which are issued only in limited quantities may be ordered by any method, but after customer selection will be mailed to the customer. Other licenses will be issued immediately. The Department will contract separately for acceptance and entry of telephone and mail orders, and for license order mailing. Bidders should carefully distinguish the responsibilities to be contracted under this RFP from those of the Direct Sales Contractor.

License sales data will be used to determine accounts receivable from agents and make a weekly request through the banking system for electronic funds transfer to State accounts.

The central facilities of the Retail Sales System will support database management, data collection from terminals, on-line transactions initiated on terminals or by the Direct Sales Contractor, and a variety of management functions. Support for management functions will be provided through client-server support of "IBM-compatible" personal computers as client workstations.

The State is concerned that continuity of operations be assured and that the State be in position to fully take over operations of the Retail Sales System at any time. Consequently, communications facilities used by the Retail Sales System must all be public, under control of the State, or easily switched to such connections. Generally, terminal data communications must be achieved by switched connection of each terminal to the local telephone company central office. Wide area network support for terminal data communications may be achieved through public networks or through use of a State data communications network.

3. Project Management

Within 10 working days of the award of the contract, the Contractor will submit to the Department's Contract Administrator for approval a work plan which includes the following:

1. a timetable for completing the development, testing and installation of the Retail Sales System;
2. milestones and acceptance points which the Department may use to monitor project progress and coordinate Department activities with the project; and
3. the Contractor's staffing table with names and title of personnel assigned to the project.

The Contractor will be responsible for maintaining the project plan. Any changes to the plan must be approved by the Department's Contract Administrator.

Every two weeks between contract award and final system acceptance, the Contractor shall submit brief written summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the Department's Contract Administrator; and notification of any significant deviation from previously agreed-upon work plans.

Although there will be continuous liaison between the Contractor and the Department, the Contractor's project manager and the Department's Contract Administrator will meet at least every two

weeks between contract award and system acceptance to review progress and solve problems which arise during system development and integration.

4. Design Completion

The System External Specifications for the Retail Sales System are as complete as Department staff were able to accomplish without complete knowledge of Contractor's proposal. Contractor shall complete or elaborate specifications as follows:

Contractor shall identify and resolve any conflicts or ambiguities in the SES provided by the Department.

Contractor shall elaborate system specifications to incorporate data requirements for maintenance and user support services described in this RFP.

Contractor shall elaborate specifications to incorporate cost accounting and quality control measures for all aspects of the Retail Sales System, including functions which are operational responsibilities of Contractor, Department staff, Department Retail Sales Agents, and the Department's Direct Sales Contractor. Cost accounting shall be based on principles of activity-based accounting. Quality control measures shall be based on principles of statistical process control. Both cost accounting and quality control measures shall be designed to support continuous process improvement in the Retail Sales System and by its users.

Contractor shall revise the SES to reflect any deviations between Contractor's accepted proposal and the SES.

These specifications shall be developed through Joint Application Design (JAD) or Rapid Application Design (RAD) activities involving Contractor operations support staff, Department staff, and representative agents chosen by the Department. Contractor must identify in its bid proposal the names and qualifications of Contractor's staff or Subcontractors who will participate in these activities as designated experts on maintenance management, user services management, cost accounting, and quality control. Final System External Specifications shall be subject to approval by the Contract Administrator.

5. Development Process

The Contractor shall use a systematic methodology to develop and integrate the Retail Sales System. The methodology must be identified and outlined in the Contractor's bid. The methodology must include:

Reliance on information engineering methods for systems design tasks;

Prototyping to confirm transaction logic and improve the user interface;

Use of change management methods to control software development and insure as-built documentation;

Complete system documentation sufficient to permit qualified Department staff to readily operate, interpret, and re-engineer the system based on the documentation;

Rigorous testing of system components and integration to insure that the system meets functional specifications and is free of implementation defects;

Use of formal quality assurance practices.

The methodology need not be published elsewhere, nor be a commercial product sold and supported as a formal methodology.

6. System Specifications and Change Management

The Retail Sales System shall be developed and integrated consistent with the specifications contained in this RFP, the appended SES, and Contractor's accepted proposal, unless specification changes are made in accordance with the procedure described below. The Contractor is encouraged to propose specification changes which will improve system functionality or performance.

In the event that a specifications change is proposed by the Contractor or the Department, the following procedure must be completed before work on the identified change can begin:

1. The Contractor will prepare a Project Change Notification Document which provides the following information for each proposed change:
 - a. Description of the change,
 - b. Scope,
 - c. Benefits,
 - d. Effects on current design,
 - e. Effects on completed system components,
 - f. Cost,
 - g. Effects on hardware and software,
 - h. Effects on Department staffing and skills requirements,
 - i. Project schedule.
2. Obtain approval of the Project Change Notification Document from the Department's Contract Administrator.

3. If the State and Contractor mutually agree to the change, then the contract will be modified incorporating the change using a Contract Change Notice and/or an Advice of Change to Contract.

IF PRICES FOR THE PROPOSED CHANGE ARE NOT ACCEPTABLE TO THE STATE, THEN THE NECESSARY MODIFICATIONS OR ADDITIONAL WORK SHALL BE SUBJECT TO COMPETITIVE BIDDING.

THE STATE WILL NOT PAY FOR ANY WORK ON PROPOSED CHANGES UNTIL BOTH THE DEPARTMENT'S APPROVAL HAS BEEN OBTAINED AND THE PROPER DOCUMENTS HAVE BEEN ISSUED BY THE OFFICE OF PURCHASING.

7. Department Staff Involvement

The Contractor will be fully responsible for completion of system development and integration. However, the Department expects its staff to participate in system development in order to assure that the system meets Department expectations and that Department staff are intimately familiar with the system when it becomes operational.

The Department Contract Administrator will have responsibility to communicate to the Contractor all Department decisions concerning the system.

The Department will designate one data systems analyst to participate full-time in the development and integration of the Retail Sales System. This analyst will not be expected to assist in the Contractor's work, but must be allowed to participate with the Contractor's team in all phases of development in order to become intimately familiar with the system. This analyst must be allowed to participate in all meetings of the Contractor's team which address system development and implementation.

Additional data processing staff of the Department will be designated by the Department to monitor specific aspects of the project, including database implementation, security and auditability, and data communications.

All system functions and processes will be evaluated as prototypes by Department staff who are expected to use them. Prototypes shall be modified until the Department Contract Administrator is satisfied as to usability and consistency of user interface, error checking and recovery, and on-line documentation. Approvals by the Contract Administrator will be facilitated by advance notice in biweekly progress reports, involvement of affected Department staff in prototype development

and testing, and documentation of the decisions requested. The Department will respond promptly to requests for approval, with a maximum response time of two calendar weeks.

System acceptance will be judged for the Department by a panel of user division representatives as well as communications, operations, and systems development staff.

8. Database Management System

The Retail Sales System shall be implemented in a relational database management system which supports ANSI Standard Structured Query Language (SQL) (version 2 preferred). The Department will be developing additional applications which make use of the data tables used in the Retail Sales System, with or without additional attributes or records, as well as additional data tables. Any modifications to the Retail Sales System to accommodate new attributes or tables will be handled through the change management procedures in this contract. In order to accommodate such additional applications, the database management system and hardware on which it operates must be scalable or upgradable but this contract requires only the capacity to support the Retail Sales System.

In order to meet requirements for inter-operability and user interface described below, the database management system or other components provided in this contract must provide SQL access to the Retail Sales System data using various personal computer software products over local area networks. Existing hardware and software which must be either integrated or replaced under this contract are detailed by Department organizational unit in later sections of this RFP.

Database implementation shall assure data element validation, referential integrity, and adherence to the relational model for data integrity.

9. Software

The Contractor will be responsible for acquisition and integration of commercial software licenses or design, development, testing, and integration of custom software to satisfy all requirements of this contract unless specifically exempted in this RFP.

All commercial software used in this system must be licensed by the software manufacturer to the Department in sufficient quantities for operation of this system. The Contractor will be responsible for properly registering such licenses. These licenses will not expire upon termination of this contract. The Department reserves the right to use, in other applications, some of the software supplied for this contract, subject to the terms

of the manufacturer's license agreement and consistent with its use in the Retail Sales System. Unless specifically agreed by the Department, all software delivered to the Department shall be the most recent version supplied by the manufacturer. All updates of commercial software used in the system will be obtained and installed by the Contractor for the duration of this contract at the Department's expense pursuant to the system enhancement provisions of this Contract, except by mutual agreement of the Department and the Contractor.

All custom software developed by the Contractor and used in this system shall be licensed to the Department, including specifications, source code, object code, and documentation. This license shall include the right of the Department or its agents to use such software in this or any other Department system for an indefinite period and in unlimited quantities. During this contract, the Contractor will be responsible for maintaining and upgrading custom software as needed to operate this system. The Department shall be licensed to modify all custom software, provided by the Contractor for this system, for Department use which is outside the scope or duration of this contract.

Any software provided by the Contractor will be certified as virus free. The software will not contain any features which will permit the Contractor access to the system in violation of its security features or the change management process. Neither will the software contain any features which might be used by the Contractor to render the system inoperable, or degrade its performance.

Personal computer operating system standards of the Department are MS-DOS 6.2 with Windows for Workgroups 3.11 or Windows NT 3.1. Applications software standards include the most recent versions of Microsoft Office (Word, Excel, Powerpoint, Access), Microsoft Project, Microsoft Mail, Microsoft Schedule+, MapInfo for Windows or Intergraph Microstation for Windows, SPSS for Windows, Procomm Plus for Windows, and Winfax PRO. The Contractor should assume these standard operating systems and applications are available on the personal computers involved in the Retail Sales System.

Department local area networks are IBM token ring. Network operating systems are or will soon be converted to Windows NT Advanced Server. The Department employs HP LaserJet printers as network print servers. The Department currently relies on NetBEUI and DLC network protocols, but has begun a transition to TCP/IP. TCP/IP utilities standards have not yet been established but will be WinSock compliant and will load as a Windows DLL. NFS will be an available option. The Department is currently planning widespread implementation of a client-server computing strategy based on these local area networks. The Department's database server standard is Microsoft NT SQL. The Department currently employs the DCA Select Communications Server for OS/2 for client-server 3270 terminal emulation but is planning an upgrade

to Microsoft SNA Server for NT. Other products currently under consideration as Department client-server standards include Saros' Mezzanine, Lotus' Notes. An Intergraph Unix server running Microstation V, MGE, and MGA serves as the Department mapping/GIS server. A Cubix Communications server provides a LAN-based modem pool and will soon be configured to provide Remote Access Services to the Windows NT Advanced Server networks. Network fax support includes both the fax capabilities of Windows for Workgroups 3.11 and Faxil from Resource Partners Inc.

The Department does not yet have a comprehensive systems management strategy for its client-server environment, but is dedicated to developing a comprehensive automated approach based on SNMP standards. We are currently making limited use of the HP Openview management console under Microsoft Windows and are considering using HP Openview on a more robust platform as a comprehensive systems management foundation. We are also anticipating use of Microsoft's forthcoming systems management products.

All personal computers used as Department staff workstations in the Retail Sales System must be attached to token ring local area networks and the existing Windows NT Advanced Server network operating systems must be used as the primary LAN domain of the affected workstations.

If the Contractor wishes to use another network operating system to support any portion of the Retail Sales System, the Contractor must provide seamless inter-operability with the primary domain, including simultaneous access to both domains and resolution of any memory constraints or other user problems which may arise.

The Contractor is encouraged, but not required, to use Department standard when they are appropriate for the functionality required in the system.

The Department is using Microsoft Visual Basic and Powerbuilder in its internal system development. User interfaces should generally comply with Common User Access, CUA, standards for Graphical User Interfaces.

Modular or object-oriented applications design as well as implementation in a client-server context are desired. For specific applications which will have a broad Department usage this is a requirement. The Department also considers these functions as primary opportunities for Contractor to acquire and integrate commercial software products rather than constructing custom solutions. Functions which the Department has identified for such broad use include, but are not limited to:

- Address Validation and Mailing,
- Contacts Database,
- Computer-based FAX,
- Customer List Management,

Remote Software Maintenance,
Automated Store-and-Forward Techniques,
Supplies Inventory Management.

Contractor must provide all software needed to support the Retail Sales System except that which is identified in this RFP as available to be integrated. Bidders will be evaluated for compatibility with and adherence to Department software standards.

10. Hardware

Contractor must provide all hardware needed to support the Retail Sales System except that which is identified in this RFP as available to be integrated. Bidders will be evaluated for compatibility with and adherence to Department hardware standards. Sourcing from existing Department contracts is allowed but not required; current contract specifications are included in Appendix D. If Bidder proposes to source from existing contracts, the equipment must still be included in Bidder's cost proposal with a notation that these are to be sourced from the Department's current suppliers. Any equipment sourced from Department's will be acquired at current contract prices and no payments will be made to this Contractor for such equipment.

Network wiring within Department facilities will be provided by the Department. Bidder's proposal must specify any requirements.

Bidder must demonstrate analytically in the proposal that the equipment to be supplied or used meets the capacity and performance requirements of the Retail Sales System. System acceptance testing shall include demonstration of adequate capacity and performance. If in the course of this contract, capacity or performance are found to fall short of operational requirements defined in the SES and this RFP, Contractor must modify the system to meet these requirements at Contractor's cost.

11. POS Terminal Data Communications

Contractor must propose a point-of-sale terminal data communications architecture which satisfies the requirements of the SES. A list of current Department retail agents is provided in Appendix F and daily sales volumes are provided in Appendix G.

All retail agent terminals shall be able to use existing agent phone lines for data communications. Proposals for Bidder to bypass this connection to the telephone central office will not be accepted.

Contractor may use the Department data communications network or State telecommunications network in their proposal for terminal data communications. Any equipment which must be added to the Department's network to support this use must be provided by the Contractor but must be approved as to specifications by the Department. Any increase in line speed required to meet capacity requirements of the Retail Sales System must also be provided at Contractor's cost.

12. Continuity of Operations

Bidder must propose specific hardware, software, and operational features of the Retail Sales System to reasonably assure continuity of operations. These features should provide security, redundancy, fault tolerance, systems monitoring, and/or restorability of Retail Sales System components and functions sufficient to assure continuity of operations consistent with the risks associated with the liquidated damages schedule (see Section I-AD of this RFP). The Department does not expect that this requires fully redundant, fault-tolerant systems such as would be associated with high volume on-line transaction processing.

13. Development Tools

The Contractor should make good use of automated analysis and design tools, high-level programming languages, development and testing aids, and documentation aids. However, to assist the Department in maintaining the system beyond the life of this contract, should it so choose, the Contractor shall identify all such tools used in developing and integrating this system and shall provide the Department license to these tools as part of this contract unless they are already owned by the Department.

14. Documentation Requirements

Documentation of the Retail Sales System, as implemented, shall be provided to the Department as a condition of acceptance of any phase of the system. The documentation shall be provided in printed and electronic form. The Department currently uses Knowledgeware ADW on OS/2 as its CASE tool; Contractor may use other tools, provided such tools are made available to the Department.

Documentation shall include comprehensive entity diagrams; data dictionary entries covering data domains, tables, and attributes; functional and process decomposition diagrams; data flow diagrams for all processes; action diagrams for all programs; input/output layouts, program source code, and copies of test data files.

15. System Acceptance

System acceptance criteria are detailed in the SES.

System acceptability will be evaluated at the completion of each development milestone identified in the Timetable below. Acceptance at one milestone does not preclude changes to accepted system components in order to meet the requirements of subsequent milestones. Acceptance at each milestone will be based on cumulative development through that milestone.

At each milestone, the Contractor shall submit a request for acceptance to the Department's Contract Administrator together with complete system documentation for the completed system components and supporting system acceptance test data.

16. Timetable

The timetable described herein is based on assumed contract award by July 1, 1994. If award is made after that date, the State will negotiate a new timetable with the winning Bidder before final award.

The timetable requirements for development and integration of the Retail Sales System are designed to pilot full sales activities by November 1, 1994. Additional functions may be developed after that date. The Department's Retail Agents will have the option to continue using the current manual license sales system or of switching to the new system from successful pilot operation until February 28, 1995. On March 1, 1995, use of the new system will become mandatory for all agents not specifically exempted by the Department. The Department is required by law to make the new system mandatory and operational simultaneously for all of its existing agents.

Bidder must propose a schedule for development and demonstrate Bidder's ability to meet that schedule. Bidder must also justify their project plan through documented application of an estimation methodology and any associated metrics. Bidders should note that progress payments are based on completion of specific development milestones and that failure to meet agreed upon development deadlines may lead the Contract Administrator to conclude that it is necessary to purchase stock, at Contractor's expense, for continuation of the manual system.

The Department has grouped functional areas into development phases to allow the Contractor to concentrate on critical functions for startup of license sales by November 1, 1994. These phases are defined in part XV of the SES.

Phased development must meet the scheduling requirements described below:

Retail Sales Pilot Testing will be performed by setting up the essential central office facilities and approximately ten terminals within the Department's Lansing offices. Department staff must then use this system in a successful simulation of license sales for up to fourteen (14) days to determine whether requirements set forth in the SES are satisfied and whether the system is ready for the Sales Outlet Pilot.

A Sales Outlet Pilot will be conducted by installing terminals in up to thirty (30) Retail Agent stores and two (2) Department Offices. These terminals must then be successfully used and managed for up to two months to determine whether requirements set forth in the SES are satisfied and whether the system is ready for general implementation.

Within one month of initiation of the Sales Outlet Pilot, additional functions listed for implementation "One Month Following Beginning of Sales Outlet Pilot" must also be available for pilot implementation.

Before completion of the Sales Outlet Pilot, Contractor and shall successfully implement the Document Return Pilot.

Functions listed under the phase "System Support Implementation" may be scheduled at Contractor's discretion but must be accepted and available for use before November 1, 1994. Operational benefits for both Contractor and the Department may be expected from substantially earlier implementation of this phase.

The phase labeled "First Fiscal Year End Following Beginning of Sales Outlet Pilot" must be accepted and ready for use by October 1, 1995.

The timetable for the various phases listed in the SES as occurring at the option of one or more Department divisions may be negotiated between the Contract Administrator and the Contractor as part of adoption of a work plan. These phases will not precede completion of the phases necessary for implementation of sales functions.

17. Data Conversion

No productional data conversion requirements are required as part of the System Development and Integration portion of this contract. Existing data will be available to Contractor for use in system testing.

18. Space

The central components of the Retail Sales System shall be located in offices of the Department of Natural Resources. The Department has identified a room comprising 320 square feet of standard office environment for this purpose. No special cooling, power conditioning, or other equipment will be provided by the Department. The Department will furnish this room according to Contractor's reasonable specifications. Bidder shall specify whether a different amount of space is required, generally describe furnishing requirements, and must bid any special equipment required for system implementation.

19. Specific Integration Requirements

a. Department Data Communications Network

All data communications required for Retail Sales System functions involving Department staff must use the Department's data communications network. This network is described in the SES. Contractor may assume support for TCP/IP protocols throughout the Department's wide area network as well as interconnection with the Internet via Michnet in Lansing.

b. Department of Natural Resources Mainframe

The Department of Natural Resources mainframe is an IBM 3090-200 operating under VM/SP - HPO.5, VMCENTER, CMS, REXX, COBOL, IPF, ISPF, CSP/AD, CSP/AE, and SQL/DS. It is NOT available for use in any portion of this application.

c. Direct Sales Contractor(s)

Retail Sales System functions which will be provided by a Direct Sales Contractor are detailed in the SES; these include mail order entry, telephone order entry, and license fulfillment by mail. The Contractor selected under this RFP shall integrate the Direct Sales Contractor with the rest of the Retail Sales System. The Contractor selected under this RFP shall be responsible for all tasks and responsibilities for this integration which are not enumerated and assigned to the Direct Sales Contractor. The Department will confer with Contractor concerning and incorporate reasonable specifications which must be met by the Department's Direct Sales Contractor(s) in order to integrate them into the Retail Sales System.

d. Secretary of State

Functions are presently available on the Secretary of State computer which should fulfill all functional requirements of the Retail Sales System. Contractor shall develop the Retail Sales System to integrate with these existing functions. Should any functional deficiencies be discovered during development of the Retail Sales System, the Secretary of State will be responsible for any further software development on its computer which are required to perform these functions.

Secretary of State and the Department will be responsible for providing sufficient communications processor capacity on the Secretary of State computer. Contractor will be responsible for all equipment required to connect to and communicate with that computer or communications processor.

e. Department of Treasury

Functions are presently available on the Department of Treasury computer which should fulfill all functional requirements of the Retail Sales System. Contractor shall develop the Retail Sales System to integrate with these existing functions. Should any functional deficiencies be discovered during development of the Retail Sales System, the Department of Treasury will be responsible for any further software development on its computer which are required to perform these functions.

Department of Treasury and the Department will be responsible for providing sufficient communications processor capacity on the Department of Treasury computer. Contractor will be responsible for all equipment required to connect to and communicate with that computer or communications processor.

f. Department of Commerce

Functions are presently available on a Department of Commerce computer which should fulfill all functional requirements of the Retail Sales System. Contractor shall develop the Retail Sales System to integrate with these existing functions. Should any functional deficiencies be discovered during development of the Retail Sales System, the Department of Commerce will be responsible for any further software development on its computer which are required to perform these functions.

Department of Commerce and the Department will be responsible for providing sufficient communications processor capacity on the Department of Commerce computer. Contractor will be responsible for all equipment required to connect to and communicate with that computer or communications processor.

g. Administrative Services Division - Retail Sales
Management Section

The Administrative Services Division - Retail Sales Management Section is not currently using a local area network except as transport for 3270 emulation to the Department mainframe. However, by the time development of the Retail Sales System begins, the Department will provide access to a Windows NT Advanced Server local area network for this office.

The Retail Sales Management Section will be equipped with personal computers by the Department for their use in general office automation and for support of the Retail Sales System. Minimum configuration of these machines will be i486DX/66MHz processor, 16meg memory, 200meg hard drive, SVGA monitor, with token ring card. These machines will be operational with MS-DOS 6.2 or later and Windows for Workgroups 3.11 or later and with all of the standard applications software described above.

Contractor may request that the Department set up a separate ring for the Retail Sales Management Section and the Retail Sales System. If so, Contractor must purchase and integrate a bridge/router sourced from the Department's existing network contract to connect that ring with the rest of the Department's network.

h. Administrative Services Division - Cashier's
Office

The Department Cashier's Office recently acquired an automated cashiering system through RFP 93-G00003. Contractor must integrate with the resulting system as described in the attached Contract and system documentation.

i. Administrative Services Division - Warehouse

The Department Warehouse in Lansing will be used to store most supplies required by Department retail agents. Management of these supplies is among the functions of the Retail Sales System.

The Department will provide one personal computer for use in the warehouse in shipping and receiving supplies. This computer and the Retail Sales System must be configured to support the necessary functions using switched (dial-up) communications. This computer will fulfill minimum requirements described above for the Administrative Services Division - Retail Sales Management Section.

j. Fisheries Division Office

The Lansing office of the Fisheries Division currently has twenty-seven (27) IBM-PC compatible computers operating on a Microsoft LAN Manager 2.1 local area network. Conversion of this network to Windows NT Advanced Server is anticipated prior to contract award. Approximately five workstations on this network must have access to data on the Retail Sales System. Fisheries Division uses the Department standard software described above. The Contractor must provide a seamless SQL query interface from the Retail Sales System to Excel, SPSS for Windows, and MapInfo for Windows for ad hoc data use by Fisheries Division.

Data creation and updating by Fisheries Division includes, but is not limited to: 1) making inquiries about license purchases by specific customers, 2) market analyses, and 3) customer selection for mail surveys. The Contractor may support these functions using either software currently available from the Fisheries Division or may supply an acceptable alternative product as part of the contract. If the Contractor provides an alternate product, it must be compatible with and incorporated into the current operating environment.

k. Wildlife Division Office

The Lansing office of the Wildlife Division currently has forty (40) IBM-PC compatible computers operating on a Microsoft LAN Manager 2.1 local area network. Conversion of this network to Windows NT Advanced Server is anticipated prior to contract award. Approximately five workstations on this network must have access to data on the Retail Sales System. Fisheries Division uses the Department standard software described above. The Contractor must provide a seamless SQL query interface from the Retail Sales System to Excel, SPSS for Windows, and MapInfo for Windows for ad hoc data use by Fisheries Division.

Data creation and updating by Wildlife Division includes, but is not limited to: 1) conducting restricted hunt drawings, 2) viewing and modifying customer records relative to success in restricted hunt drawings, 3) customer selection for mail surveys, and 4) analysis of hunter harvest data. The Contractor may support these functions using either software currently available from the Wildlife Division or may supply an acceptable alternative product as part of the contract. If the Contractor provides an alternate product, it must be compatible with and incorporated into the current operating environment.

l. Law Enforcement Division Office

The Lansing office of the Law Enforcement Division currently has approximately fifteen (15) IBM-PC compatible computers operating on a IBM PC LAN 1.3 with IBM LAN Server 1.31. By the time the

Retail Sales System is implemented, this network will be converted to Windows NT Advanced Server. All workstations on this network will have access to the Department standard software products and must have access to data on the Retail Sales System. Law Enforcement Division is using a network version of dBASE IV database management software for applications related to hunter safety records and arrest/conviction records. They also will use the Statistical Package for Social Sciences (SPSS) for general data analysis. The Contractor must provide a seamless SQL interface interface from the Retail Sales System to these software products for ad hoc data use by Law Enforcement Division.

Data creation and updating by Law Enforcement Division includes, but is not limited to: 1) conducting investigations of agent applications, 2) viewing and modifying customer records relative to Hunter Safety Certification and success in restricted hunt drawings, 3) recording license purchase restrictions as a result of convictions for hunting and fishing law violations, and 4) customer selection for mail surveys. The Contractor may support these functions using either software currently available from the Law Enforcement Division or may supply an acceptable alternative product as part of the contract. If the Contractor provides an alternate product, it must be compatible with and incorporated into the current operating environment.

m. Law Enforcement Information Network

The Law Enforcement Information Network (LEIN) provides terminal access by law enforcement personnel throughout the State to various data required for law enforcement duties. LEIN provides this service by designing and programming various inquiries against the relevant databases. Contractor must provide appropriate functions and connectivity to permit LEIN inquiries against customer and license data stored in the Retail Sales System. LEIN functions do not include any data updates within the Retail Sales System.

LEIN staff and the Department of Natural Resources will be responsible for providing sufficient capacity and for applications development on the LEIN network.

C. Point-of-Sale Terminals

1. General Specifications

- a. Contractor shall provide, maintain, and support use of point-of-sale terminals in Department Retail Agent stores and in Department offices.

- b. All terminal specifications in this RFP are minimum requirements and must be met or exceeded. Functionality of the terminals is among the factors to be evaluated in Contractor Selection (see Section I-L). All items bid must be currently produced by the manufacturer.
 - c. All terminals and peripheral equipment must be F. C. C. approved for use in a residential environment.
 - d. The equipment purchased through this contract will be used in a store or office environment, and must be able to operate in normal store or office temperatures. The temperature for normal operations is 41 degrees Fahrenheit to 95 degrees Fahrenheit. The hardware must not need special air or humidity conditioning. Power supply will be 110V AC power, unregulated, without additional surge or sag protection.
 - e. Should manufacture of Contracted terminals, printers, or components thereof be discontinued during the term of the Contract, Contractor may propose a substitute terminal which fulfills the State's functional requirements at a price similar to or less than the Contracted terminal. Such substitution will be made only through Contract amendment approved by the Office of Purchasing.
2. Retail Agent Terminals
- a. Retail Agent Terminal Cost Model
 - i. Contractor shall supply terminals for use in Department Retail Agent stores. These terminals will be acquired by the Department by lease-purchase.

- ii. The information in this paragraph is provided to aid bidder understanding but does not guarantee any particular agent management policy by the State. All Department Retail Agents will be required to use terminals supplied under this contract as a condition of agency, unless specifically exempted by the Department. Exemptions are intended only for circumstances where lack of power, lack of telephone service, or other conditions make such requirements inappropriate.
- iii. Agents will be required to pay a service charge to the Department for use of these terminals. All new agents will pay service charges which exactly reimburse the Department for the lease-purchase fee paid by the Department to Contractor. Existing agents will pay that portion of the service fee which is not attributable to financing the terminal equipment and software; those costs will be paid by the Department. Some small-volume agents may be subsidized by the Department in recognition of past service or to assure geographical coverage. The Department's purpose in charging this service fee is that agents will pay the marginal cost of adding an additional agent to the Department's retail sales program; this policy will enable the Department to open the retail sales program to all businesses of good repute without limiting and franchising agents as is the Department's current practice.

- iv. In light of the Department's intended policy concerning agent service charges for use of terminals, bidders shall include in the bid price of each terminal the full marginal costs of terminal hardware, terminal software, terminal installation, terminal maintenance or replacement, terminal user training, and terminal user support. Bidders should be careful not to average other costs, such as software or hardware development costs, across the number of terminals supplied; such costs should be included in the bid for System Development and Integration. Bidder should include "overhead" costs associated with the terminals in the appropriate terminal cost elements; the Department's purpose is to fairly allocate costs between the Department and its agents. Bidders should not include in the terminal price those costs which are largely affected by sales volume such as telecommunications costs; such costs should be included in the Operations Support portion of the bid.
- v. The cost model for this bid is based on purchase of 2000 terminals, reflecting the current number of agents. The actual number of terminals supplied will depend on the number of agents requesting terminals; no minimum nor maximum number of terminals is guaranteed or implied by this RFP. The requirement that agents pay for terminals and other changes in agent relationship to the State may cause some current agents to discontinue their service. The Department's intended policy to eliminate franchising limitations on the number and types of agents will allow some new agents to join the Department's retail sales program. The net effect is uncertain, but no significant change in the number of agents is expected or intended by the Department.

- vi. A portion of the Department's Retail Agents maintain only seasonal operations of four to nine months each year. Bidder must provide proposed prices for seasonal terminals. These prices are for information only and will not be included in the price evaluation of the bid. The Department will determine whether to permit seasonal leases after Contract award.
- vii. Some of the Department's Retail Agents may wish to install more than one terminal in a given store, either seasonally or throughout the year. Bidder must provide proposed terms and prices for supplemental terminals. These prices are for information only and will not be included in the price evaluation. Supplemental terminal prices should not exceed standard terminal prices.
- viii. Some of the Department's large agents may wish to use existing store automation equipment in lieu of the terminals supplied by the Contractor. Upon approval of the Contract Administrator, Contractor may separately contract with these agents, at no expense to the Department, for the integration of such equipment into the Retail Sales System. All terms of such side contracts must be revealed to the Contract Administrator and appropriate measures must be included to assure the functionality and security of the Retail Sales System.
- ix. Bidder may propose more than one terminal model to accommodate varying sales volumes or other store conditions.

b. Retail Agent Terminal Functional Requirements

- i. Retail Agent Terminals must support all terminal-based functions described in the SES for the Retail Sales System.

- ii. Retail Agent Terminals should be of modest size and designed for both wall-mounting or counter-top use. Power cords and printer cables must be available in lengths to suit a variety of agent physical requirements. Agents will be required to provide an electrical outlet (not necessarily a dedicated circuit) within 6 feet of the terminal location.
- iii. Terminal printers shall be easy to operate. Stock and ribbon changes shall be easily accomplished and intuitive or clearly described on the printer. Printer ink must satisfy requirements described in Section II-E-2, License Stock Specifications. Printers must be physically separate from terminal so that they may be placed for agent convenience.
- iv. Retail Agent Terminals shall provide for easy and efficient key entry of license sales data. License sales operations procedures must be easy for the terminal operator to discern and follow, either through key markings or screen displays. Recall of non-intuitive actions must not be required for efficient terminal operation.
- v. Terminal interactive display shall be sufficient for feedback and menu offerings to terminal operator.
- vi. Retail Agent Terminals shall provide for reading of magnetic stripes on Driver Licenses or credit cards. The State of Michigan is considering adding magnetic stripes to its Driver Licenses, although this decision has not yet been made. Standards adopted by the National Association of Driver License Administrators incorporate the 3-data line standards used for banking cards. Terminals shall be capable of supporting this standard.

- vii. Retail Agent Terminals shall be capable of reading standard bar codes. Although initial use of the Retail Sales System is to sell hunting and fishing licenses which will be printed at the time of sale, the Department anticipates offering other items such as vehicle decals using the system. The Department anticipates using barcodes to read item control numbers from these items. Bar code reading equipment may be included in the base terminal or may be offered as an option for later installation.
- viii. Retail Agent Terminal data communications shall be accomplished through the public telephone network. Terminals shall work using existing voice-grade lines in agent stores. Bidder must provide solutions for a variety of problems, including poor line quality, lines which are part of on-premise telephone systems, lines which are used with other store-and-forward equipment, and lines which serve as primary voice lines and are equipped with answering machines. Agents shall not be required to obtain new or additional lines to meet terminal operation requirements. Agents will be required to locate the terminal within twelve (12) feet of a phone jack. No terminal price variation or additional charges by Contractor will be allowed to resolve such problems.
- ix. The system is conceived as initially functioning in a store-and-forward mode for most transactions but must also be capable of connecting to the central system for immediate transactions. A few transactions, such as sales of replacements for lost licenses, require immediate connection in the initial system implementation. The Department anticipates changing to an immediate-connection operational mode for certain agents and/or certain transactions in later years of this contract.

- x. Terminals must be equipped with non-volatile memory or battery back-up which will insure against loss of data as a result of power loss. Back-up must be good for at least 96 hours. Terminals need not be operational during periods of power loss.

- xi. Retail Agent Terminals shall be designed and programmed so that average sales transaction time by agent employees is less than one minute per license or license application sold. Sales transaction time shall extend from the time the sales clerk has all necessary data in hand and begins entering the transaction until license printing is complete, licenses are removed from the printer, and the terminal is ready to proceed to the next transaction. This requirement should also be fulfilled should the Department choose to use an immediate-connection mode of operation. Bidder should note that this requirement concerns system-wide average transaction time and need not be met in any particular sub-class of transactions.

- xii. Retail Agent Terminals must be programmable using a standard MS-DOS language and development environment, with appropriate function library or other extensions. Unmodified Retail Agent Terminal applications code must be executable, after appropriate compilation, on a standard MS-DOS computer. Pursuant to the SES, Retail Agent Terminals must support remotely administered software changes.

- xiii. Bidder shall provide detailed technical specifications for the Retail Agent Terminal as part of bidder's proposal.

- xiv. Bidder may offer, for information only, a variety of extra-cost terminal options which may be attractive to agents. Bidder must include an option to use the terminal for bank credit card authorizations with a bank of agent's choice. In view of the Department's terminal cost sharing with existing agents, Bidder must negotiate terms for such value-added options with the Department such that the State benefits financially from such options.

c. Retail Agent Terminal Installation

- i. Contractor shall be responsible for installing a terminal in any agent store designated by the Department. Installation shall be deemed complete when the Agent's designated personnel are trained and the terminal is physically installed, connected to the appropriate telephone line, able to fulfill all functions of a Retail Agent Terminal, and does not interfere with agent's normal use of the telephone line to which the terminal is attached.
- ii. The Contractor shall install terminals in accordance with schedules which are agreed to by the Contractor and the Contract Administrator. Terminal installation must be completed by February 28, 1995 for all Department Retail Agents who request terminals before January 1, 1995.
- iii. Terminal installation must be completed within seven (7) days after Department Retail Sales Section approval of any Retail Sales Agent application approved on or after March 1, 1995. Agent requests for terminals will not be accepted from January 1, 1995 through February 28, 1995.

d. Retail Agent Training

- i. Contractor shall provide training and reference materials for each retail store equipped with a point-of-sale terminal.

- ii. Training materials shall include a quick reference card for use by sales clerks.
 - iii. Training materials shall include a manual describing both sales and management transactions for use by store management. These materials shall recommend specific task sequences for efficiency and accuracy in completing sales transactions, including periods of peak demand.
 - iv. Contractor is encouraged to develop a training video for use by agents in training store personnel. This video may be made available directly to agents from Contractor for a fee to be determined by Contractor.
 - v. Training materials shall include a testing methodology which store management can use to assure that sales clerks are adequately trained.
 - vi. Initial terminal installation in a store will require that Contractor provide training materials, direct instruction, or other efforts necessary to train one or two persons designated by the agent. Agents are responsible for training any additional personnel after the initial terminal installation.
 - vii. Contractor should coordinate its training efforts with training provided by the Department of Natural Resources concerning hunting and fishing regulations and other agent concerns. Coordination will be arranged after Contract award.
3. Department Office Retail Sales Terminals
- a. Contractor shall supply terminals for use in Department offices. These terminals should generally satisfy the requirements for Retail Agent Terminals but meet additional or alternate requirements described here.

- b. Department Office Retail Sales Terminals must support additional functions described in the SES, such as deposits of funds directly to State bank accounts and managed waterfowl area registration.
- c. Department Retail Sales Terminals must incorporate or be capable of integration with a standard networked Department personal computer so that additional functions can be supported.
- d. Department Office Retail Sales Terminals must include and support an electronic cash drawer function. This function shall include the ability to easily register items sold and other transactions which are outside the scope of the Retail Sales System but which involve cash drawer transactions.
- e. Department Office Retail Sales Terminals in some offices may communicate with the Retail Sales System through direct connection to the office local area network, but must also be capable of communicating through the public telephone network.
- f. The cost model for this RFP is based on 35 terminals for use in Department offices. If the Department contracts for any such terminals, it will purchase at least twenty (20) but no maximum is guaranteed or implied by this RFP.

4. Terminal Maintenance and Replacement

- a. Contractor shall propose a program of preventive maintenance, terminal performance monitoring, terminal replacement, and/or terminal repair sufficient to ensure highly reliable terminal operations for all agents. Record keeping and control of Contractor's terminal maintenance and replacement program should be integrated with the record-keeping and control provisions for hardware maintenance and user support provided in Section II-D.

- b. Any agent reporting full or partial terminal failure shall be made fully operational within 24 hours of notice to the Contractor. Failure to provide a fully operational terminal within 24 hours will subject Contractor to liquidated damages.
- c. Contractor shall provide printer ribbons and other essential terminal supplies to agents as part of the terminal maintenance program. Provision is made in the SES for monitoring ribbon replacement needs. Contractor may propose modified procedures for printer ribbon management which will fulfill the same purpose.

5. Terminal User Support

- a. Contractor shall provide toll-free telephone "help desk" support to managers and operators at all terminal locations.
- b. Help desk support must be immediately available every day from 6:00 am until 10:00 pm during system pilot phases and through December 1, 1995.
- c. After December 1, 1995, hours of immediate availability may be reduced to forty (40) hours per week to be selected, based on use patterns, by the Department Contract Administrator. Help desk support must be available by return call within 30 minutes during other portions of each day between 6:00 am and 10:00 pm.
- d. Help desk support staff shall be able to instruct agents and their staff in the use of all terminal transactions. They must also be able to escalate problems to other staff if they are unable to satisfy the caller.

D. Operations Support

1. General

This RFP requires operations support for the Retail Sales System from completion of Sales Outlet Pilot testing until February 28, 2000. Operations support includes data communications facilities, management, and usage charges; returned document processing; maintenance of hardware supplied by the Contractor for use in the

Retail Sales System other than POS terminals; maintenance of software and system integration; disaster recovery; and user assistance and support. Operational support costs will be paid monthly.

Operational support is included in this RFP for three reasons. First, to assure that the Contractor proposes an optimal balance between costs of system development and costs of ongoing operations. Second, to assure that the Contractor delivers a highly usable and reliable system so as to avoid subsequent support, maintenance, and recovery costs. Third, to allow Department staff time to develop skills in the use, support, and maintenance of the Retail Sales System without delaying implementation or risking continuity of operations. As noted in Section I-AE, Cancellation, the State retains the option to take over operational support functions without cancelling other elements of this contract.

2. Data Communications

- a. As long as the Operations Support provisions of this contract are in force, Contractor shall be responsible for maintaining, managing, and paying for all data communications required for operation of the Retail Sales System.
- b. Neither the Department nor its retail agents shall be required to incur costs for telephone line installation or monthly line charges as a result of installation and operation of a Department Retail Sales System terminal.
- c. With the Contract Administrator's approval, Contractor may make use of State of Michigan and Department telecommunications facilities at costs applied to internal billings for use of those facilities. Contractor shall be responsible for any interconnecting equipment necessary to use such facilities.
- d. Contractor is encouraged to make good use of data encoding techniques in terminals, incremental data transfers to avoid redundant transfers, and data compression so as to minimize total system costs.

- e. Contractor or the State may request terminal data communications rate revisions, based on general industry trends, at any time later than one year since the Contract award or the last request for such revisions. At such time Contractor must demonstrate, through reasonably detailed analysis of traffic and available common-carrier services, that the rates to be adopted are the lowest which can reasonably be achieved. If proposed rates are not acceptable to either party, the existing contract rates shall remain in effect or this portion of the contract may be cancelled by either party; provided that Contractor must notify the Contract Administrator of such cancellation by Contractor at least one hundred eighty (180) days in advance.
 - f. Payment for data communications will be made monthly in proportion to the number of licenses and other items sold by Retail Sales System agents, excluding those sold by mail or telephone order through the Department's Direct Sales Contractor(s).
3. Returned Document Processing
- a. During normal operations, the Department's retail agents will be forwarding Sportscards, Hunter Safety affidavits, and voided licenses to the Contractor for processing. Agents will be required to mail any such documents weekly, but the Department estimates that one-half to one-third of agents will not need to submit documents in a typical week.
 - b. Notwithstanding the provisions of the SES and this RFP, Contractor may provide capability for Sportscard and Hunter Safety affidavit data to be entered by the agent at point-of-sale and avoid data entry during returned document processing. However, unless Contractor provides signature capture at the POS terminal these documents must be signed by the license customer, returned for processing, and imaged as described in the SES and in this RFP.

- c. Subject to design approval by the Contract Administrator as described elsewhere in this RFP, Contractor will be responsible for layout of document return envelopes, Sportscards, Hunter Safety affidavits, and printed licenses and is encouraged to design such documents to facilitate returned document processing.
- d. Contractor will be responsible for establishing a mailing address for returned documents and for supplying pre-printed envelopes to agents for document return. The Supplies Management functions of the Retail Sales System may be used for this function and envelope warehousing and shipping may be integrated with warehousing and shipping of other materials to license agents at no cost to Contractor. Return postage will be paid by retail sales agents.
- e. Contractor shall receive all mailed document return envelopes from the Postal Service and shall log and maintain controls to prevent loss or delayed processing of returned documents.
- f. All returned Sportscards shall be processed within twenty-four (24) hours of delivery by the Post Office, excluding Sundays and state holidays. Such processing shall include data entry, imaging, and initiation of any associated transactions as described in the SES. After processing, Contractor shall destroy and dispose of returned Sportscards. If possible, returned Sportscard materials should be recycled.
- g. All returned Hunter Safety affidavits shall be processed within fourteen (14) days of delivery by the Post Office, excluding Sundays and state holidays. Such processing shall include data entry, imaging, and initiation of any associated transactions as described in the SES. After processing, Contractor shall destroy and dispose of returned Hunter Safety affidavits. If possible, returned Hunter Safety affidavits materials should be recycled.

- h. All returned voided licenses delivered by the Post Office on or before any given Saturday shall be processed so that they are credited to agent accounts before agents are notified of the license remittance amounts to be drawn from their accounts the following week. Such processing shall include data entry and initiation of any associated transactions as described in the SES. All voided licenses shall be batched and forwarded to DNR within thirty (30) days of receipt.
- i. Data entry from returned Sportscards, Hunter Safety affidavits, and voided licenses may be accomplished through manual keying, barcode scanning, or optical character recognition and may be performed separately from or integrated with the required document imaging. Data entry must include on-line data validation as described in the SES (all of these documents are recorded in terminal transactions and are thus expected from the agents).
- j. Images of Sportscards and Hunter Safety affidavits shall be stored on a write-once optical storage medium and keyed to the Retail Sales System database. Images of Sportscards and Hunter Safety affidavits must have sufficient resolution and contrast to permit use in legal proceedings.
- k. The imaging system must be integrated into the Retail Sales System so as to permit authorized DNR personnel to have access to an image from their workstations or to automatically receive the image by FAX. Imaging and image storage equipment costs shall be amortized in the unit costs for returned document processing but title to equipment shall reside with the State after five years of operation.
- l. Returned document processing may be performed in the facilities provided by the Department of Natural Resources to accommodate the Retail Sales System or may be performed in facilities provided by Contractor. Such facilities must be subject to inspection by the Department at any time, subject to appropriate security requirements of Contractor.

- m. Order entry processing of mail orders for licenses is similar to the processing of Sports cards. Thus, although such processing is not included in this RFP, this contract may be amended by mutual agreement of the State and Contractor to include order entry of mail orders.

4. Software and Integration Maintenance

- a. The primary purpose of software and integration maintenance is to assure continuous and correct system operation. The Contractor shall be dedicated to the concept of continuous quality improvement.
- b. Contractor shall make provision for automated monitoring of the Retail Sales System and for automated notification of Contractor personnel if substantial system failures occur. However, Contractor should also note and appropriately take advantage of the problem management procedures which will be supported within the Retail Sales System described in the SES and will be carried out by the Administrative Services Division - Retail Sales Management Section.
- c. Contractor and the Department will be jointly responsible for monitoring system quality and efficiency to detect faults or needed improvements. Contractor shall design and incorporate into the Retail Sales Systems such cost accounting and quality control measurements as Contractor and the Department determine are desirable to fulfill this requirement (see Section II-B of this RFP). These shall be created automatically during system operation and shall be appropriately recorded in a relational database which is part of the Retail Sales System. Contractor shall use these data to prepare a quarterly report of system quality, which shall be submitted to the Department Contract Administrator. Quarterly reports shall recommend changes in equipment, software, operations, or preventive maintenance schedules which will effectively reduce system costs or improve system quality. Any recommendations for improved system specifications shall be addressed through provisions of the System Enhancement portion of this RFP (see Section II-F).

- d. Contractor shall apply statistical process control and software quality assurance methods to measure and improve quality of Retail Sales System software throughout the contract, including the Operational Support period of the contract. Throughout the contract, Contractor shall make and maintain current estimates of the number and severity of remaining software and integration errors by system component and severity classification. These estimates shall be shared with the Contract Administrator.
- e. Contractor is responsible for identifying and correcting all faults in software or system integration discovered during the term of the Operations Support portion of this contract. Any failure of the system to satisfy the requirements of the System External Specifications or this RFP, as amended through the Change Management procedure described in Section II-B-6 of this RFP, shall be considered a fault. The Contract Administrator shall determine when a fault has been discovered.
- f. Any fault which is diagnosed as a failure within commercial software integrated into the Retail Sales System is nonetheless the responsibility of the Contractor. With approval of the Contract Administrator, Contractor may obtain corrective services from the software manufacturer, replace the software with an alternate product or custom software, or design and implement a work-around.
- g. Contractor is obligated to report to the Contract Administrator any apparent fault discovered by Contractor, its personnel or Subcontractors. Such apparent fault will be reported immediately upon discovery. The Contract Administrator shall immediately notify Contractor of any apparent fault discovered by State personnel or retail agents.

- h. Upon discovery or notification of an apparent fault, Contractor shall diagnose and correct such fault within fourteen (14) days. Contractor may request Contract Administrator to grant an extension beyond fourteen (14) days, provided Contractor has demonstrated due diligence in pursuing diagnosis and correction of the apparent fault. Correction of a fault within the required fourteen days, or extension thereof, does not reduce Contractor's liability for liquidated damages pursuant to this RFP, Section I-AD, except for item 7 (Faults in System Integration or Custom Software). Failure by Contractor to promptly report discovery of an apparent fault or to complete correction within fourteen (14) days, or extension thereof, may subject Contractor to liability for liquidated damages pursuant to item 7 of Section I-AD.
- i. If Contractor enhances or corrects custom software used in the Retail Sales System for its own use or for another customer, Contractor must offer the Department the right to have such improved software incorporated into the Retail Sales System at no additional cost. Contractor must notify the Contract Administrator of such an update of custom software within thirty (30) days of completion of such update, providing the same information required in the Change Management Procedure described in Section II.B.6 of this RFP. Upon request of Contract Administrator, Contractor shall install the update within thirty (30) days. Contractor will be responsible for successful installation and will be subject to liquidated damages for any failure conditions which arise as a result of installing the update.

- j. Since all commercial software integrated into the Retail Sales System is to be licensed to the Department, it is presumed that the Department will be notified of any such updates or corrections. Upon receipt of such notice, the Contract Administrator shall notify Contractor. Whenever a manufacturer makes a new version or patch available, Contractor must evaluate its compatibility with the Retail Sales System and recommend adoption or deferral of the update within thirty (30) days. Such recommendation shall be in the form of a System Enhancement proposal as described below. The Contract Administrator will determine which updates or corrections will be obtained and installed; obtaining and installing such an update will be considered a System Enhancement.
- k. The Retail Sales System requires integration of Contractor-supplied components with a number of other data processing facilities and applications. Some of these systems may change during the course of the Operations Support provisions of this contract. Changes in the Retail Sales System to adjust to changes in the systems with which it communicates or shares data shall be the Contractor's responsibility under the System Enhancement provisions of this RFP.

5. Hardware Maintenance

- a. The primary purpose of maintenance is to assure continuous system operation. The contractor shall be dedicated to the concept of preventive maintenance.
- b. Contractor is responsible for all preventive maintenance recommended by manufacturers of the equipment installed. Preventive maintenance must be performed according to the manufacturer's recommended schedule and at specific times agreeable to the Department. The Department will permit access to the equipment which is to be maintained, subject to physical security regulations.

- c. Contractor shall provide on-site repair or replacement service for bid equipment. This service is to include all parts, labor, and travel necessary to restore equipment to like-new working condition. The Department will permit access to the equipment which is to be maintained, subject to physical security regulations.
- d. Contractor must use repair parts that are functionally equivalent to or better than original manufacturer specifications and are, at a minimum, identically warranted.
- e. The Contractor or its Subcontractors must be manufacturer's authorized service representatives for all equipment bid. Vendor and Subcontractor service personnel must be manufacturer-trained in the maintenance of all equipment bid.
- f. Contractor shall maintain a relational database, within the Retail Sales System, of all preventive maintenance schedules and activities, service calls, work orders, and repairs made pursuant to this contract. This database shall be designed and implemented as part of the Department Retail Sales System. Contractor shall use these data to prepare a quarterly report of maintenance and repair activities, which shall be submitted to the Department Contract Administrator. Quarterly reports shall include reliability and failure mode analyses of equipment or components and recommend changes in equipment, operations, or preventive maintenance schedules which will effectively increase system reliability. Data included in this database shall include:
 - i. Date and time of equipment failure.
 - ii. Mechanism or Department employee making request for service.
 - iii. Date, time, and location of service call.
 - iv. Department property number of equipment serviced.

- v. Brand, model, serial number of equipment serviced.
 - vi. Service performed.
 - vii. Date and time equipment is repaired and returned to service.
 - viii. Diagnosis of the problem.
 - ix. Name(s) of individuals performing service.
 - x. Replacement parts description.
- g. Contractor shall design and incorporate into the Retail Sales System mechanisms which will automatically provide notice to Contractor of any critical failures of the Retail Sales System. Note that the Retail Sales System SES already provides mechanisms by which the Retail Sales Section of the Department may notify Contractor of agent problems or other service requirements; Contractor is encouraged to integrate the requirements of this section with those mechanisms.
- h. Contractor's service representative shall meet with the Department Contract Administrator quarterly, following submission of the quarterly service report, to evaluate service rendered.
6. Disaster Recovery
- a. Contractor shall be responsible for disaster recovery support throughout the Operational Support portion of this contract.

- b. Contractor shall develop and maintain a complete disaster recovery plan for the Retail Sales System. This plan shall be designed to assure that the Department does not lose revenue or data as a result of failure of the Retail Sales System. The disaster recovery plan shall include provisions for off-site data storage and recovery, equipment substitution in place and off-site, and restoration of full operations. The disaster recovery plan may incorporate use of existing Department equipment, procedures, and personnel for data backup and for provision of off-site data storage and recovery.
 - c. Disaster recovery plans shall include detailed assignments for both Contractor personnel and Department personnel normally assigned to use or operation of the Department Retail Sales System and shall be tested through annual (or more frequent) disaster drills.
 - d. Disaster recovery plans should be prepared in light of the provisions of Section I-AD of this RFP, concerning Liquidated Damages, but need not assure that all liquidated damages conditions are avoided. Contractor shall be liable to liquidated damages no matter what disaster causes such conditions to occur.
 - e. Disaster recovery costs will be paid through a fixed annual fee which shall cover maintenance of the disaster recovery plan, recovery drills, and maintenance of readiness to assist in disaster recovery. In the event of a disaster which triggers recovery activities, additional costs may be based on the work hours required for recovery and the actual cost of replacement or repair of the affected equipment.
7. User Assistance and Support
- a. The Department will designate approximately 3 information systems specialists, 6 Retail Sales Management Section staff, and approximately 15 other staff who will be supported by the Contractor. The number of staff who are to be supported are not limited to these numbers but will reflect the Department's operational requirements.

- b. Contractor shall provide and maintain on-line user manuals for the Retail Sales System. These manuals and the on-line help functions shall permit new Department staff to learn to effectively use the Retail Sales System without formal training. Users must be enabled to edit and improve on-line manuals and help information.

- c. The Department will implement internal support for the Retail Sales System by the Retail Sales Section manager, the one assigned systems analyst, and the Department's general help desk functions. Requests for Contractor support will generally be considered second-level help requests or may occur when internal support staff are unavailable.

- d. The Contractor must provide unlimited toll-free telephone and electronic mail support to Department staff in performance of their duties with respect to the Retail Sales System. This support will be limited to the components of the Retail Sales System and will not extend to personal computers and applications supplied by the Department or other Contractors.

- e. Telephone requests for support should normally reach Contractor's qualified personnel immediately when placed during the State's normal business hours (Monday through Friday 8am to 5pm, Eastern Time, except State-observed holidays). All telephone requests and electronic mail requests made during the State's normal business hours must be responded to within one hour.

- f. Contractor shall maintain a relational database, within the Retail Sales System, of all user assistance and support services requested or provided pursuant to this contract. Contractor is encouraged to integrate this function with record keeping related to the "help desk" for agents. This database shall be designed and implemented as part of the Department Retail Sales System. Contractor shall use these data to prepare a quarterly report of support activities, which shall be submitted to the Department Contract Administrator. Quarterly reports shall include recommended system improvements or on-line manual or help improvements to reduce requirements for user support. Data included in this database shall include:
- i. Date and time of support request.
 - ii. Mechanism or Department employee making request for support.
 - iii. Date, time, and location of technical response call.
 - iv. Retail Sales System user and function or mechanism requiring support.
 - v. Service provided.
 - vi. Date and time user's problem is fully resolved.
 - vii. Diagnosis of the problem and recommended system improvements, if any.
 - viii. Name(s) of individuals providing support.

- g. Until March 31, 1996, Contractor shall provide Retail Sales System user support at a fixed monthly price as included in Contractor's price proposal. Beginning April 1, 1996, such support shall be paid at a fixed price per support request as included in Contractor's price proposal; the Department estimates that such support requests will not exceed 36 per year.

E. License and Other Stock

1. License Stock

a. General

License Stock is included in this contract to ensure that the Contractor proposes an optimal combination of printer and stock specifications. As noted in Section I-AE, Cancellation, the State retains the option to obtain stock meeting Contractor's specifications from another source after the first year of this contract.

Stock included in this RFP will be used in point-of-sale terminals to print licenses and management reports. Among the licenses to be printed on this stock are several varieties of kill tag which must be attached to an animal after it is killed. As such, the stock should meet the following functional requirements:

Simple, reliable printer operation;

Stock and printing thereon should withstand being carried in a wallet for a year as well as use as a kill tag in inclement weather;

Print legibility under adverse conditions (as noted above) and ink curing, sufficient for insertion into the customer's wallet without smearing, within fifteen (15) seconds;

Preventing and detecting license alteration or counterfeiting.

In addition, to meeting the explicit specifications herein, the Bidder must demonstrate in the bid document that these functional requirements will be met.

b. Specifications

License stock paper shall be colored 1085 Tyvek or stock of equivalent durability in license and kill tag applications. Color may change from order to order and will be determined by Department. Color shall be applied so as to be removed by

attempts to erase printed license data. Material shall be watermarked or otherwise permanently marked in a manner which is difficult to duplicate. License form shall be the size of a standard credit card (2 1/8" x 3 3/8") or slightly smaller as produced or when folded in half.

The back of each license form shall be pre-printed in permanent black ink as a kill tag (see Appendix E). Pinfeed holes or a special hole in one end of the kill tag should facilitate attachment to a killed animal. Perforation should not separate holes from the rest of the license form. Holes should be reinforced to reduce tearing when tied to an animal with either cord or string.

License stock shall be continuous feed for use in terminal printers, either roll or fan-fold according to terminal design. Individual forms in the stock shall be perforated for easy separation. Number of forms per continuous form may be proposed by bidder but should balance waste of excess material and printer configuration with inconvenience of reloading stock into printer.

When a license is printed, an agent receipt will be printed simultaneously. The receipt may be a copy produced on a second ply, may be printed adjacent to the license on the same stock but separable by a perforation, or may be printed on a separate printer. Agent receipts should require minimal handling, perhaps separating automatically and being stored in the printer. Agent receipts must be large enough for all data from the license sale to be printed thereon, so that data lost from the terminal may be fully reconstructed. In addition, data on the agent receipt must be arranged so that it can be read and interpreted easily by agents who wish to review sales transactions.

Choice of terminal printer, printer ink, and license stock must be carefully considered. Ink print on colored 1085 Tyvek or equivalent must withstand inclement weather and be durable for one (1) year. Printing must be legible and ink curing must not exceed fifteen (15) seconds.

Bidder shall propose license stock layout and printing specifications as part of their proposal.

Contractor must supply at least 10,000 license forms in final packaging for use in system pilot testing.

c. Stock Quantity

The quantity of license stock which will be ordered by the State for any given license year will depend on anticipated sales and other stock uses required for the Retail Sales System. For purposes of bidding, sales will be assumed to total four (4)

million licenses in each license year and total stock requirements will be assumed to total five (5) million forms in each license year.

The State anticipates ordering stock in batches determined by an economic order quantity calculation which will be determined cooperatively with Contractor.

The State accepts no responsibility for payment of overruns. Delivered quantities must equal or exceed the quantity ordered.

Contractor shall assure that all excess material will be secured and all overruns will be defaced or destroyed so as to prevent use in counterfeiting.

2. Sportscard Stock

a. General

In order to purchase a license a customer must have proper identification (either a Michigan Driver's License, Michigan Identification Card, or a Michigan Sportscard). For those customers who do not possess either a Michigan Driver's License or a Michigan Identification Card, a Sportscard will be completed in handwriting by the customer and/or agent and will be issued by the agent.

When a Sportscard is issued one copy will be given to the customer, one copy kept by the agent, and one copy forwarded to the Contractor for returned document processing.

The customer copy of the Sportscard is expected to last two or more years while being carried in the customer's wallet. The copy retained by the agent serves only as a backup copy for the copy which is returned to the Contractor for processing.

The Sportscard should be optimally designed to meet these functional requirements.

b. Specifications

Sportscard stock paper shall be 3-ply form. It must be pressure sensitive for hand written information to transfer from top ply to bottom ply.

One copy (ply) is the customer copy and shall be Ascot or equivalent durability. Customer copy shall be the size of a standard credit card (2 1/8 " x 3 3/8") or slightly smaller as produced or when folded in half. Customer copy shall be of durable material to last a least two (2) years while in a wallet.

One copy (ply) is Contractor's copy which will be returned by the agent. This ply need only meet minimum requirements to ensure stability during document handling, encoding, and imaging. This ply shall be made of recycled material unless technically incompatible with Contractor's handling requirements.

One copy (ply) is an agent copy and serves as backup to Contractor's copy. This ply should meet the same requirements as Contractor's copy. This ply shall be made of recycled material unless technically incompatible with Contractor's handling requirements.

Refer to the SES for information on Sportscard data requirements.

Bidder shall propose Sportscard stock layout and printing specifications as part of its proposal.

Contractor must supply at least 1,000 sportscard forms in final packaging for use in system pilot testing.

c. Stock Quantity

The quantity of license stock which will be ordered by the State for any given license year will depend on anticipated stock uses required for the Retail Sales System. For purposes of bidding, Sportscard use will be assumed to total three hundred fifty (350) thousand in each license year.

The State anticipates ordering sportscard stock in batches determined by an economic order quantity calculation which will be determined cooperatively with Contractor.

The State accepts no responsibility for payment of overruns. Delivered quantities must equal or exceed the quantity ordered.

Contractor shall assure that all excess material will be secured and all overruns will be defaced or destroyed so as to prevent use in counterfeiting.

3. Document Return Envelopes

a. General

Document return envelopes will be used by license agents to mail Sportscards, Hunter Safety affidavits, and voided licenses to Contractor for Returned Document Processing. These envelopes should fit one of the standard sizes described by the US Postal Service, but their design is otherwise the responsibility of the Contractor. Contractor should optimize their design for agent and Contractor convenience.

Contractor must pre-address the document return envelopes for agent convenience and may wish to number and otherwise label the envelope to facilitate automated logging and batch control of the returned envelopes.

b. Specifications

Contractor shall propose Document Return Envelope specifications for approval by the Contract Administrator. Document return envelopes must be made of recycled material.

c. Stock Quantity

The quantity of document return envelopes required will depend on the number of agents and the frequency with which they are required to return documents to Contractor for processing. For bidding purposes, the Department estimates that 7,500 envelopes will be required per year.

The State assumes Contractor will wish to order document return envelopes in economic order quantity and will work cooperatively with Contractor to facilitate such ordering and distribution in conjunction with the ordering and distribution of other stock.

4. Composition

The State will furnish existing forms or rough copy as guidance for license printing. If required, Contractor is to do composition. Contractor must provide proofs of composition and secure written approval from Contract Administrator prior to printing.

5. Proofs

Proofs are required thirty (30) calendar days after receipt of order. On ALL orders the proof shall be read by original copy and corrected by the Contractor and clean proofs furnished to Contract Administrator. The Contract Administrator reserves the right to request revisions. Proof sheets shall be made available to the Office of Purchasing upon request. They shall be held by the Contractor for sixty (60) days after the job has been accepted and invoice approved by the State.

6. Plates

Contractor shall perform all typesetting, ruling, and other necessary operations to make orders ready for press or to make negative and plates ready for press.

7. Delivery

Orders will be placed approximately September 1 of each year with delivery expected no later than the following February 1.

8. F.O.B. Point

Prices are "F. O. B. Delivered" with transportation charges prepaid. Thirty days before expected shipping, the Department will provide Contractor quantities of stock to be shipped to each sales agent; these data will be provided in electronic form as requested by Contractor and incorporated into Retail Sales System specifications and installation by Contractor. The quantities specified by the Department are to be shipped directly to specified agents. Balance of order will be shipped to the Department's Retail Sales Management Section warehouse in Lansing, Michigan.

9. Prices

Prices bid are the maximum for orders placed within a period of 365 days from date contract becomes effective.

Contractor or the State may request price revisions, based on general industry changes, at least 30 days before the end of each 365 day pricing period. The request must be in writing and may be for either an increase or a decrease. Evidence of general industry changes, such as revised printed price lists or notices, and evidence that the change actually affected the Contractor's costs for materials must accompany the request.

A price revision shall take effect on the first day of the 365 day pricing period identified in the contract, but only if approved by both parties. The State may delay implementing a price revision from the first day of the pricing period to 30 days after receiving additional documentation the State requested to support the proposed price. The price revision shall be firm throughout the pricing period. If proposed prices are not acceptable to either party, the existing contract prices shall remain in effect, or the contract may be cancelled. The Contractor remains responsible for performing according to the contract terms at the contract price for all orders received before price revisions are approved or before the contract is cancelled.

The postmark date on the Contract Release will determine prices to be charged on orders (requesting a single shipment) which may already be in transit to the Contractor prior to the new price implementation date. Orders issued by agencies requesting multiple deliveries, over a specified period of time, which may overlap two price periods, shall reflect the current price at the time of delivery.

The Bidder is responsible for anticipating labor costs in the quotations for the entire term of the contract. Changes in the direct labor costs will not justify price revisions pursuant to the provisions in the price clause stated above.

10. New Forms and Revisions

If during the life of this contract, new or other licenses or forms are required, which are not specifically enumerated in this contract, the Office of Purchasing reserves the right to add such forms to the contract or to bid them separately.

The State reserves the right to modify forms. Such modifications are subject to the approval of the Office of Purchasing. Price revision requests due to form modifications must be approved by the State.

11. Cartons

Contractor may propose alternative packaging for document return envelopes.

Style - Regular slotted Type A, B, or C flute corrugated fibre board. Minimum mullen-strength test of 200 lbs. for small size cartons (less than 10" x 12" horizontal cross section), 275 lbs for large size cartons (more than 10" x 12" horizontal cross section).

Size - Internal dimensions of cartons to be approximately 1/16" greater than width and 1/8" greater than length of one layer of license stock when packed. Cartons shall withstand stacking at least 5 high without damage, and shall not have a gross weight in excess of 50 lbs.

Printing - Cartons are to be printed with box maker's certificate which shall include the manufacturer's name, bursting strength, size limit, and gross weight limit.

Freight - The carton is to be made in such manner that it will comply with provisions of the current Uniform Freight Classification.

Packing of Forms - Carton shall be filled with forms so that the forms cannot shift. There shall be at least one thickness of corrugated fibre board, of the same dimensions as one layer of forms, on both the bottom and top in the carton. If the carton is not completely filled with forms, extra space shall be filled with cardboard.

12. Packaging

Packaging and containers, etc. shall be in accordance with supplier's commercial practice and shall meet the requirements of Department of Transportation (D.O.T.) and rail and motor carrier freight classifications in effect at the time of shipment, which will permit application of the lowest freight rate.

License forms shall be packed in standard quantities per box and each box clearly labeled showing contents. Boxes shipped to the Department warehouse or to retail agents in sufficient quantity to benefit the recipient shall be kept on skids for moving with a fork lift truck.

The costs of all pallets and containers shall be included in the bid price, and become the property of the State. Charges for returnable shipping containers shall be stated in the bid, together with return instructions for shipment to Contractor's plant, transportation charges "collect".

13. Palletizing

Shipments may be requested as palletized deliveries; and if requested, shall conform to the following:

Palletized on single-face hardwood pallet with three 2" x 4" runners lengthwise the pallet;

Deck boards to be 3/4" minimum thickness, with 1-1/2" maximum spacing;

Compression block construction NOT acceptable;

Length: 44" minimum to 48" maximum

Width: 36" minimum to 40" maximum

Height: 5' 7" including pallet

Weight: 4,000 maximum gross lbs.

Pallets are to be securely banded and loads shall not exceed the size of the pallet. The cost of palletizing must be included in the unit price.

F. System Enhancements

1. General

The Department has specified the functional requirements of the Retail Sales System as thoroughly as possible. However, the Department expects that experience with the new system will reveal design enhancements or new capabilities which would be useful to the Department. Installation and integration of updates of commercial or proprietary software which is integrated into the Retail Sales System will also be considered enhancements. Hence, provision will be included in this contract for the Contractor to supply such enhancements.

The Department also may desire certain extensions to the Retail Sales System, including but not limited to:

Sales of additional items with requirements beyond those anticipated in the SES associated with this RFP;

Conversion of, enhancements to, and integration of the Retail Sales System with the Department's Recreational User Survey System;

Extension of the point-of-sale technology and methods embodied in the Retail Sales System to waste hauling manifests and other similarly distributed transactions.

The State may choose to implement such extensions as enhancements under this contract, but reserves the right to contract separately for these services.

Contemplated enhancements are for changes in functionality or capacity beyond those anticipated in this RFP. They are not for correction of Contractor errors or insufficient capacity which must be corrected by Contractor at Contractor expense.

The State of Michigan is currently in process of acquiring a new statewide financial information and accounting (MAIN) system. It is expected to be installed beginning October 1, 1994. Any accounting system functionality required under this RFP may need to be modified to be compatible with the new MAIN system. Any such modifications will be subject to the provisions of this section.

2. Enhancement Proposals

After completion of the Retail Sales System consistent with the specifications contained in this RFP, the appended SES, and any subsequent change orders, Contractor or the State may identify desirable system enhancements or extensions. Manufacturers of software integrated into the Retail Sales System may from time-to-time issue updates which the Contract Administrator

determines should be incorporated into the Retail Sales System. The Contractor is encouraged to propose modifications which will enhance system functionality.

In the event that an enhancement is proposed by the Contractor or the Department, the following procedure must be completed before work on the identified enhancement can begin:

1. The Contractor will prepare a System Enhancement Proposal which provides the following information for the proposed enhancement:
 - A. Description of the enhancement.
 - B. Scope.
 - C. Benefits.
 - D. Effects on current design.
 - E. Effects on completed system components.
 - F. Cost.
 - G. Effects on hardware and software.
 - H. Effects on Department staffing and skills requirements.
 - I. Project schedule.
2. Obtain approval of the System Enhancement Proposal from the Department's Contract Administrator.
3. If the State and Contractor mutually agree to the enhancement proposal, then the contract will be modified incorporating the change using a Contract Change Notice and/or an Advice of Change to Contract.

IF PRICES FOR THE PROPOSED ENHANCEMENT ARE NOT ACCEPTABLE TO THE STATE, THEN THE NECESSARY MODIFICATIONS OR ADDITIONAL WORK SHALL BE SUBJECT TO COMPETITIVE BIDDING EVEN IF FIRST PROPOSED BY CONTRACTOR.

THE STATE WILL NOT PAY FOR ANY WORK ON PROPOSED ENHANCEMENTS UNTIL BOTH THE DEPARTMENT'S APPROVAL HAS BEEN OBTAINED AND THE PROPER DOCUMENTS HAVE BEEN ISSUED BY THE OFFICE OF PURCHASING.

3. Work and Management Standards

All management and work standards contained in this RFP with respect to systems development and integration will apply to any system enhancements. Liquidated damages as described in Section I.A.D will apply to any conditions which arise as a result of Systems Enhancement activity by Contractor.

4. Prices

System enhancements shall be priced and paid for actual hours worked by Contractor together with the cost of acquiring necessary hardware and software. Hourly rates quoted in response to this RFP shall be the maximum applicable rates for enhancements incorporated by Advice of Change within two years following contract award. Rates may subsequently be adjusted at one year intervals until contract cancellation or termination. Contractor or the State may request rate revisions, based on general industry changes, at least 30 days before the end of each pricing period. The request must be in writing and may be for either an increase or a decrease. Evidence of general industry changes, such as salary surveys or compensation plans, and evidence that the changes actually affected the Contractor's costs must accompany the request.

A rate revision shall take effect on the first day of the pricing period, but only if approved by both parties. The State may delay implementing a rate revision from the first day of the pricing period to 30 days after receiving additional documentation the State requested to support the proposed rate. The rate revision shall be firm throughout the pricing period. If proposed rates are not acceptable to either party, the existing contract rates shall remain in effect or this portion of the contract may be cancelled by either party. The Contractor remains responsible for performing according to the contract terms at the contract rates for all system enhancement Contract Change Notices or Advices of Change issued before rate revisions are approved or before the contract is cancelled.

Rates shall be quoted concerning as many work categories as Contractor is prepared to supply. Contractor shall supply examples of duties and qualifications applicable to each work category bid. For bid evaluation purposed, the State will consider rates for three primary categories of work: project management, systems analysis, and programming. Bidder should identify the mix of work categories in their bid which most closely correspond to each of these categories.

Any hardware or software supplied pursuant to enhancements must be supplied at Contractor's actual payment to suppliers. Such charges must be supported by invoices and may not include overhead, sourcing costs or other charges by Contractor but may include the hours required to obtain such hardware or software.

5. Methodology

The Department has adopted Information Engineering practices for system development, maintenance, and enhancement. Contractor will be required to plan, design, and construct any system enhancements consistent with such standards and practices. Bidder

must describe their methodology for enhancing existing systems, referring to any specific tools currently preferred for this use.

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