

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PROCUREMENT  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 8**  
 to  
**CONTRACT NO. 071B5200359**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Wheels, Inc. PO Box 2896 Des Plaines, IL 60017	Scott Pattullo	<a href="mailto:spattullo@wheels.com">spattullo@wheels.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(847) 768-5579	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Joyce VanCoevering	517-322-5005	<a href="mailto:Vancoevering1@michigan.gov">Vancoevering1@michigan.gov</a>
BUYER	DTMB	Rebecca Cook	517-373-8530	<a href="mailto:CookR6@michigan.gov">CookR6@michigan.gov</a>

CONTRACT SUMMARY:			
DESCRIPTION: Management Services for Fleet and Fuel Cards – DTMB, Vehicle and Travel Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2005	September 30, 2008	4, 1Year Options	April 30, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7 Days	May 7, 2013
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:		
\$0.00		\$352,714,622.00		

Effective immediately, this Contract is exercising seven (7) days of an available option year. The new expiration date is May 7, 2013.

All other terms, conditions, specifications, and pricing remain the same.

Per vendor agreement and DTMB Procurement approval.

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PROCUREMENT  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 7**  
 to  
**CONTRACT NO. 071B5200359**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Wheels, Inc. PO Box 2896 Des Plaines, IL 60017	Scott Pattullo	<a href="mailto:spattullo@wheels.com">spattullo@wheels.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(847) 768-5579	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Joyce VanCoeving	517-322-5005	<a href="mailto:Vancoevering1@michigan.gov">Vancoevering1@michigan.gov</a>
BUYER	DTMB	Rebecca Cook	517-373-8530	<a href="mailto:CookR6@michigan.gov">CookR6@michigan.gov</a>

CONTRACT SUMMARY:			
DESCRIPTION: Management Services for Fleet and Fuel Cards – DTMB, Vehicle and Travel Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2005	September 30, 2008	4, 1Year Options	March 31, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1 Month	April 30, 2013
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:		
\$0.00		\$352,714,622.00		

Effective immediately, this Contract is exercising one (1) month of the second option year. The new expiration date is April 30, 2013.

All other terms, conditions, specifications, and pricing remain the same.

Per vendor agreement and DTMB Procurement approval.

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PROCUREMENT  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

June 19, 2012

**CHANGE NOTICE NO. 6**  
 to  
**CONTRACT NO. 071B5200359**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
<b>Wheels, Inc.</b> <b>PO Box 2896</b> <b>Des Plaines, IL 60017</b>	<b>Scott Pattullo</b>	<a href="mailto:spattullo@wheels.com">spattullo@wheels.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	<b>(847) 768-5579</b>	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	<b>DTMB</b>	<b>Joyce VanCoevering</b>	<b>(517) 322-5005</b>	<a href="mailto:Vancoeveringj1@michigan.gov">Vancoeveringj1@michigan.gov</a>
BUYER:	<b>DTMB</b>	<b>Rebecca Cook</b>	<b>(517) 373-8530</b>	<a href="mailto:CookR6@michigan.gov">CookR6@michigan.gov</a>

CONTRACT SUMMARY:			
DESCRIPTION: <b>Management Services for Fleet and Fuel Cards – DTMB, Vehicle and Travel Services</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS	CURRENT EXPIRATION DATE
<b>October 1, 2005</b>	<b>September 30, 2008</b>	<b>Four, One-Year Options</b>	<b>September 30, 2012</b>
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
<b>N/A</b>			

DESCRIPTION OF CHANGE NOTICE:		
OPTION EXERCISED: <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	IF YES, EFFECTIVE DATE OF CHANGE: <b>June 19, 2012</b>	NEW EXPIRATION DATE: <b>March 31, 2013</b>
<p><b>Effective immediately, this Contract is hereby EXTENDED six months to March 31, 2013.</b>  <b>In addition, this Contract is hereby INCREASED by \$30,000,000.00.</b></p> <p><b>All other terms, conditions, specifications, and pricing remain unchanged.</b></p> <p><b>Per agency request date April 13, 2012, DTMB, Procurement request dated May 23, 2012, vendor agreement by email dated May 30, 2012, and State Administrative Board approval on June 19, 2012.</b></p>		
VALUE/COST OF CHANGE NOTICE:	<b>\$30,000,000.00</b>	
ESTIMATED REVISED AGGREGATE CONTRACT VALUE:	<b>\$352,714,622.00</b>	

STATE OF MICHIGAN  
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET  
 PROCUREMENT  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48913

**CHANGE NOTICE NO. 5**  
 To  
**CONTRACT NO. 071B5200359**

Between

**THE STATE OF MICHIGAN**

And

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Wheels, Inc. P.O. Box 2896 Des Plaines, IL 60017	Scott Pattullo	<a href="mailto:spattullo@wheels.com">spattullo@wheels.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(847) 768-5579	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:				
BUYER:	DTMB	Rebecca Cook	(517) 373-8530	<a href="mailto:cookr6@michigan.gov">cookr6@michigan.gov</a>

INITIAL CONTRACT SUMMARY:			
DESCRIPTION: This contract is for the statewide provision of vehicles and an array of associated fleet management services.			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
Three years	October 1, 2005	September 20, 2008	Four, one year
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:	
OPTION EXERCISED: <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES	IF YES, NEW EXPIRATION DATE:
Per agency request and Ad Board Approval on April 3, 2012, additional funds of \$17,000,000.00 have been added to this contract	
VALUE/COST OF CHANGE NOTICE:	\$17,000,000.00
ESTIMATED REVISED AGGREGATE CONTRACT VALUE:	\$322,714,622.00

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

August 15, 2011

CHANGE NOTICE NO. 4  
 TO  
 CONTRACT NO. 071B5200359  
 between  
 THE STATE OF MICHIGAN  
 and

NAME & ADDRESS OF VENDOR		TELEPHONE: Scott Pattullo <b>(847) 768-5579</b>	
<b>Wheels, Inc.</b> <b>P.O. Box 2896</b> <b>Des Plaines, IL 60017</b>  Email: <a href="mailto:spattullo@wheels.com">spattullo@wheels.com</a>		VENDOR NUMBER/MAIL CODE	
		BUYER/CA (517) 241-2619 <b>Seleana Samuel</b>	
Contract Compliance Inspector: <b>Management Services For Fleet and Fuel Cards – DMB – Vehicle and Travel Services Division</b>			
CONTRACT PERIOD:		From: <b>October 1, 2005</b>	To: <b>September 30, 2012</b>
TERMS	<b>N/A</b>	SHIPMENT	<b>N/A</b>
F.O.B.	<b>N/A</b>	SHIPPED FROM	<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS			
<b>N/A</b>			

**NATURE OF CHANGE (S):**

Effective August 15, 2011, the Buyer has been changed to:

**Seleana Samuel**  
 517-241-2619  
[SamuelS1@michigan.gov](mailto:SamuelS1@michigan.gov)

All other terms, conditions, specifications and pricing remain unchanged.

**AUTHORITY/REASON:**

Per DTMB-Purchasing Operations approval.

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$305,714,622.00**

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

January 14, 2010

**CHANGE NOTICE NO. 3 (Revised)**  
**OF**  
**CONTRACT NO. 071B5200359**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF VENDOR		TELEPHONE: Scott Pattullo <b>(847) 768-5579</b>	
<b>Wheels, Inc.</b> <b>P.O. Box 2896</b> <b>Des Plaines, IL 60017</b>  <b>Email: <a href="mailto:spattullo@wheels.com">spattullo@wheels.com</a></b>		VENDOR NUMBER/MAIL CODE	
		BUYER/CA (517) 373-1455 <b>Laura Gyorkos</b>	
Contract Compliance Inspector: <b>Management Services For Fleet and Fuel Cards – DMB – Vehicle and Travel Services Division</b>			
CONTRACT PERIOD:		From: <b>October 1, 2005</b>	To: <b>September 30, 2012</b>
TERMS	<b>N/A</b>	SHIPMENT	<b>N/A</b>
F.O.B.	<b>N/A</b>	SHIPPED FROM	<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS			
<b>N/A</b>			

**NATURE OF CHANGE (S):**

Effective December 1, 2009, this Contract has been EXTENDED for two years through September 30, 2012. Additional Funds of \$65,300,000.00 have been added to this contract.

**Please Note the following changes:**

**For model year 2010 vehicles and beyond, Wheels will increase the holdback discount from 1 to 1.25 time holdback, eliminate the \$200/vehicle acquisition fee and eliminate the pass through of manufacturer floor plan to the State.**

**AUTHORITY/REASON:**

**Per Agency agreement (Joyce Van Coevering) and vendor agreement**

**REVISED ESTIMATED CONTRACT VALUE: \$305,714,622.00**

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

December 4, 2009

**CHANGE NOTICE NO. 3**  
**OF**  
**CONTRACT NO. 071B5200359**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF VENDOR		TELEPHONE: Scott Pattullo <b>(847) 768-5579</b>	
<b>Wheels, Inc.</b> <b>P.O. Box 2896</b> <b>Des Plaines, IL 60017</b>  <b>Email: <a href="mailto:spattullo@wheels.com">spattullo@wheels.com</a></b>		VENDOR NUMBER/MAIL CODE	
		BUYER/CA (517) 373-1455 <b>Laura Gyorkos</b>	
Contract Compliance Inspector: <b>Management Services For Fleet and Fuel Cards – DMB – Vehicle and Travel Services Division</b>			
CONTRACT PERIOD:		From: <b>October 1, 2005</b>	To: <b>September 30, 2012</b>
TERMS	<b>N/A</b>	SHIPMENT	<b>N/A</b>
F.O.B.	<b>N/A</b>	SHIPPED FROM	<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS			
<b>N/A</b>			

**NATURE OF CHANGE (S):**

Effective December 1, 2009, this Contract has been EXTENDED for two years through September 30, 2012. Additional Funds of \$65,300,000.00 have been added to this contract.

**Please Note the following changes:**

For model year 2010 vehicles and beyond, the vehicle base purchase price computation will be the manufacturer's base price, less government assistance, less 1.23 times the manufacturers' holdback. Wheels will not charge a \$200/vehicle acquisition fee and Wheels will not pass through the manufacturer's floor plan incentives to the State.

**AUTHORITY/REASON:**

**Per Agency agreement (Joyce Van Coevering) and vendor agreement**

**REVISED ESTIMATED CONTRACT VALUE: \$305,714,622.00**

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

June 24, 2008

**CHANGE NOTICE NO. 2**  
**OF**  
**CONTRACT NO. 071B5200359**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF VENDOR		TELEPHONE: Scott Pattullo <b>(847) 768-5579</b>	
<b>Wheels, Inc.</b> <b>P.O. Box 2896</b> <b>Des Plaines, IL 60017</b>		VENDOR NUMBER/MAIL CODE	
		BUYER/CA (517) 373-1455 <b>Laura Gyorkos</b>	
Contract Compliance Inspector: <b>Management Services For Fleet and Fuel Cards – DMB – Vehicle and Travel Services Division</b>			
CONTRACT PERIOD:		From: <b>October 1, 2005</b>	To: <b>September 30, 2010</b>
TERMS	<b>N/A</b>	SHIPMENT	<b>N/A</b>
F.O.B.	<b>N/A</b>	SHIPPED FROM	<b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS			
<b>N/A</b>			

**NATURE OF CHANGE (S):**

**Effective June 18, 2008, this contract has been extended for two years through September 30, 2010. Additional funds of \$72,394,940.00 have been added to this contract.**

**Please note the following Contract Changes:**

For model year 2009 vehicles and beyond, interest rates for new vehicles placed into service for the State will include an interest adjustment when the spread between the corporate 3-year AA rated bonds and 2-year U.S. Treasury bonds exceeds 100 bps. The adjustment will be equal to the amount by which the spread exceeds 100 bps.

Additionally, Wheels agrees to move \$20 million of annual spending to Michigan companies. This will be incremental to the substantial purchases Wheels already makes from Michigan dealers, vehicle and forklift manufacturers, vehicle equipment providers and other fleet-related suppliers for other clients across the US. This activity will be base-lined, reported annually and maintained in auditable format.

**AUTHORITY/REASON:**

**Per Agency agreement (Joyce Van Coevering) and vendor agreement dated May 20, 2008.**

**REVISED ESTIMATED CONTRACT VALUE: \$240,414,622.00**

STATE OF MICHIGAN  
DEPARTMENT OF MANAGEMENT AND BUDGET  
PURCHASING OPERATIONS  
P.O. BOX 30026, LANSING, MI 48909  
OR  
530 W. ALLEGAN, LANSING, MI 48933

November 30, 2006

CHANGE NOTICE NO. 1  
OF  
CONTRACT NO. 071B5200359  
between  
THE STATE OF MICHIGAN  
and

NAME & ADDRESS OF VENDOR  <b>Wheels, Inc. P.O. Box 2896 Des Plaines, IL 60017</b>	TELEPHONE: Scott Pattullo <b>(847) 768-5579</b>
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-1455 <b>Laura Gyorkos</b>
Contract Compliance Inspector: <b>Management Services For Fleet and Fuel Cards – DMB – Vehicle and Travel Services Division</b>	
CONTRACT PERIOD: From: <b>October 1, 2005</b> To: <b>September 30, 2008</b>	
TERMS <b>N/A</b>	SHIPMENT <b>N/A</b>
F.O.B. <b>N/A</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>	

**NATURE OF CHANGE (S):**

**Please see attached Contract Changes.**

**AUTHORITY/REASON:**

**Per vendor letter (Scott Pattullo) dated November 3, 2006 and Agency agreement (Rose Wilson) dated November 13, 2006.**

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$168,019,682.00**

071B5200359  
Change Notice #1  
Vehicle Fleet Lease and Fuel Management Services  
Wheels Inc.

The following clarifications are added to this contract:

Clarification on Definition of Delivery Date

The attached letter clarifies Appendix H – Item 8: Clarification on Delivery Dates.

Fuel Card Rebates

During final contract negotiations between Wheels and the State of Michigan, fuel card rebates were changed from billing net of all fuel rebates (as requested in the Q&A's) to a fixed rebate schedule based on price. This clarification documents that the pricing in Appendix C of the contract reflects those agreements.

Vehicle Financing – Appendix C.B.2

A 42- month lease term will be available for all vehicle types at 85 basis points over index.

Vehicle Remarketing – Appendix C.C.4

AMR guarantees will be calculated on a model year basis for purposes of calculating the guarantee.

Attachment: Letter from Wheels re: Delivery Dates

See contract file for signed copies



November 3, 2006

Rose Wilson, Agency Director  
Vehicle and Travel Services  
6951 Crowner Drive  
P.O. Box 30026  
Lansing, MI 48906

Subject: Management Services for Fleet and Fuel Cards, Contract #071B5200359  
Appendix H – Vendor Clarification Questions, Item 8. Clarification on Delivery Dates

Dear Rose,

In the section of the new contract referenced above, Wheels and the State left open how to establish delivery dates for vehicles that require equipment upfitting outside the manufacturers' logistic systems. We agreed to develop a mutually agreeable approach, but as yet have not resolved this issue. Wheels and VTS have researched the issue, and I would like to suggest a solution.

Considerations

Vehicle delivery dates are defined under the new contract as:

*"Delivery Date is the date the State takes possession of the vehicle or 5 days following the effective date the invoice from the manufacturer is validated and paid, whichever is sooner."*

Factory order and dealer stock vehicles which go to equipment upfitters, however, are paid for by Wheels prior to the upfit process (unless the upfitting is part of the manufacturer's specifications and the vehicle remains in the manufacturer's "Ship Through" traffic system), but are not available for use by the State until after the equipment is installed, so you understandably do not want those vehicles on lease until the upfitting is complete. Since Wheels is required to pay for vehicles (and in some cases the equipment) which go to "Ship To" upfitters prior to the upfit process, Wheels incurs carrying cost during the upfit process if those vehicles are not on lease.

We first discussed this issue during the bid clarification meeting with you, Kathe Carter, and Laura Gyorkos, following Wheels RFP submission. Wheels included the language above as part of our bid submission with the clear intention of limiting the open-ended exposure to carrying costs on new vehicles that existed under the prior contract. At the time, we could not define specific contract language to confidently cover all scenarios, but we agreed to investigate a solution which would both cap Wheels carrying costs and prevent monthly lease billing beginning well in advance of the vehicle being available to VTS agency clients.

Suggested Solution

After researching various operational processes and possible solutions, Wheels would like to offer the following language to replace item A.8 of the Products and Services Pricing section:

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Notices\_CA\071b5200359C\Attachment.doc

*"For vehicles acquired from dealer stock, Delivery Date is the date the State takes possession of the vehicle. For vehicles ordered from the manufacturer, Delivery Date is the date 10 days following the effective date the invoice from the manufacturer is validated and paid. In either case, an exception will be made when the vehicle requires additional equipment installation outside the manufacturers' traffic system. In those instances, Delivery Date is the date the vehicle is shipped from the equipment installer. Also in those instances, Wheels will add interest carrying cost to the Stipulated Cost of the vehicle calculated on any amounts advanced by Wheels for the vehicle or equipment at an interest rate equal to the lease interest rate for that vehicle from 10 days following the date of payment to the Delivery Date. Monthly lease billing begins the first day of the month following the Delivery Date. From the Delivery Date to the first day of monthly billing, the State will pay an amount equal to the first full-month lease payment, pro-rated on a daily basis."*

This approach appears to be a good workable solution for all manufacturer and equipment provider scenarios. Vehicles will go on lease automatically without the long delays in acquiring delivery dates and multiple-month billing which frequently occurred under the prior contract, vehicles with upfitting will not go on lease until after the State takes possession, and Wheels will not be unfairly burdened with carrying costs for vehicles and equipment during the upfit process.

We propose putting this in effect from October 1, 2006 going forward. For vehicles delivered under the new contract to date, Wheels has continued using the delivery date conventions of the prior contract, and for upfit vehicles, assigning Delivery Date as Body Shipped Date for "Ship To" orders, but Wheels has not charged the State for any carrying costs.

If our proposed language is acceptable, please sign below and return to me. As I understand it, this change will also require a formal Contract Addendum to our contract.

Best regards,

Scott Pattullo  
Sr. Vice President

Accepted for the State of Michigan:

\_\_\_\_\_  
Signature, Date

\_\_\_\_\_  
Name, Title

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Notices\_CA\071b5200359CNattachment.doc

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 ACQUISITION SERVICES  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

October 3, 2005

**NOTICE  
 OF  
 CONTRACT NO. 071B5200359  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF VENDOR  <b>Wheels, Inc.          P.O. Box 2896          Des Plaines, IL 60017</b>	TELEPHONE: Scott Pattullo <b>(847) 768-5579</b>
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-1455 <b>Laura Gyorkos</b>
Contract Compliance Inspector: <b>Management Services For Fleet and Fuel Cards – DMB – Vehicle and Travel Services          Division</b>	
CONTRACT PERIOD: From: <b>October 1, 2005</b> To: <b>September 30, 2008</b>	
TERMS <p style="text-align: center;"><b>N/A</b></p>	SHIPMENT <p style="text-align: center;"><b>N/A</b></p>
F.O.B. <p style="text-align: center;"><b>N/A</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	

The terms and conditions of this Contract are those of **ITB #07115200161** this Contract Agreement and the vendor's quote dated **April 11, 2005**. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

**Estimated Contract Value: \$168,019,682.00**

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 ACQUISITION SERVICES  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

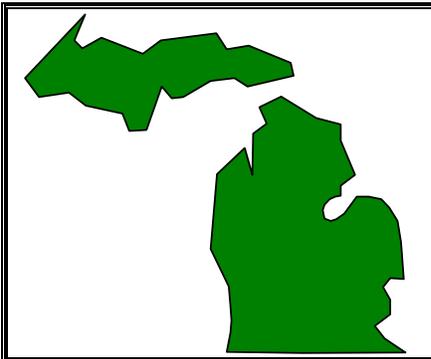
**CONTRACT NO. 071B5200359**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF VENDOR  <b>Wheels, Inc.</b> <b>P.O. Box 2896</b> <b>Des Plaines, IL 60017</b>	TELEPHONE: Scott Pattullo <b>(847) 768-5579</b> VENDOR NUMBER/MAIL CODE  BUYER/CA (517) 373-1455 <b>Laura Gyorkos</b>
Contract Compliance Inspector: <b>Management Services For Fleet and Fuel Cards – DMB – Vehicle and Travel Services Division</b>	
CONTRACT PERIOD: From: <b>October 1, 2005</b> To: <b>September 30, 2008</b>	
TERMS <p style="text-align: center;"><b>N/A</b></p>	SHIPMENT <p style="text-align: center;"><b>N/A</b></p>
F.O.B. <p style="text-align: center;"><b>N/A</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>N/A</b></p>	
MISCELLANEOUS INFORMATION: <b>The terms and conditions of this Contract are those of <a href="#">ITB #07115200161</a> this Contract Agreement and the vendor's quote dated <a href="#">April 11, 2005</a>. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.</b>  <b>Estimated Contract Value: \$168,019,682.00</b>	

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the [ITB No.07115200161](#). Orders for delivery of equipment will be issued directly by the [Department of Management and Budget](#) through the issuance of a Purchase Order Form.

All terms and conditions of the invitation to bid are made a part hereof.

<p><b>FOR THE VENDOR:</b></p> <p style="text-align: center;"><b>Wheels, Inc.</b></p> <hr/> <p style="text-align: center;">Firm Name</p> <hr/> <p style="text-align: center;">Authorized Agent Signature</p> <hr/> <p style="text-align: center;">Authorized Agent (Print or Type)</p> <hr/> <p style="text-align: center;">Date</p>	<p><b>FOR THE STATE:</b></p> <hr/> <p style="text-align: center;">Signature</p> <p style="text-align: center;"><b>Sean Carlson, Director</b></p> <hr/> <p style="text-align: center;">Name/Title</p> <p style="text-align: center;"><b>Acquisition Services</b></p> <hr/> <p style="text-align: center;">Division</p> <hr/> <p style="text-align: center;">Date</p>
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**STATE OF MICHIGAN  
Department of Management and Budget  
Acquisition Services**

Contract No. [071B5200359](#)  
[Management Services For Fleet and Fuel Cards](#)

Buyer Name: [Laura Gyorkos](#)  
Telephone Number: [517-373-1455](#)  
E-Mail Address: [gyorkosl@michigan.gov](mailto:gyorkosl@michigan.gov)



Management Services For Fleet and Fuel Cards

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**Article 1 – Statement of Work (SOW)**

**1.0 Project Identification**

**1.01 PROJECT REQUEST**

This contract is for the provision of vehicles and an array of associated fleet management services. The products and services desired by the State include the following: new and used vehicles, vehicle selection and acquisition services, vehicle capital cost financing, vehicle maintenance and repair and associated vendor management and payment services, vehicle remarketing services, provision of seasonal-use vehicles, provision and management of a commercial fuel card, and management analysis and reporting tools and services.

In the past two years as part of Governor Granholm’s cost savings efforts, the State of Michigan has recorded major reductions in fleet size and operational cost savings. There will continue to be significant challenges and opportunities to meet the varied vehicle and travel requirements of State of Michigan programs. To be best prepared to address these challenges, the State wishes to apply best practice fleet service delivery methods to provide quality fleet services, meet customer needs, and accommodate existing State operating conditions. This contract for fleet services is part of that effort.

The purpose of this Contract Agreement is to provide authority for vehicle lease and fleet management services. Vehicle lease services shall include the acquisition, financing and disposal. The vehicle leases shall be operating leases for financial reporting (FASB13) purposes. The parties intend that the contract not be treated as a lease for tax purposes and contractor will not claim the benefits of ownership for tax purposes.

**1.002 BACKGROUND**

The Vehicle and Travel Services Division (VTS) of the Agency Services Office of the Department of Management and Budget provides fleet management services for the State’s mostly centralized fleet. In addition to its fleet service activities, VTS is also charged by State statute with certain regulatory responsibilities including oversight of agency compliance with fleet-related rules and regulations, implementation of executive directives, and consolidated management reporting. VTS has a staff of 44 and a projected budget operating expense budget of \$58.7 million for FY 2005. All capital and operating costs borne by VTS in furnishing vehicles and fleet management services to other State agencies are financed through a cost charge-back system. The proceeds of fleet user charges are accounted for in the State’s Motor Transport Fund.

State vehicles are operated by 19 agencies along with additional users such as the legislature, judiciary and higher education institutions. The State fleet includes many different types of vehicles including standard sedans, patrol cars, pickup trucks, buses, front-end loaders, heavy trucks, utility carts, and others. The majority of these services are provided through contracts with a fleet management company (currently Wheels, Inc.) and commercial fuel service providers (currently Wright Express and Fuelman of Michigan).

During Fiscal Year October 1, 2003 through September 30, 2004, the Vehicle and Travel Operating Expense budget totaled \$59.1 million as follows:

Vehicle Lease Expense:	\$ 30.2
Vehicle Maintenance:	\$ 14.9
Fuel:	\$ 8.9
Insurance/Administration:	\$ 5.1



**Key Functional Needs of State Vehicle Users**

- Administration
- Agency Pool Vehicle
- Business Requirement High
- Citizen Transport
- Courts
- Driver Health and Safety
- Emergency Response
- Goods Hauling
- Inspections
- Law Enforcement
- Medical Accommodations
- Public Health & Safety
- Road Maintenance
- Other

Fleet Summary by Type		
	Number	Percent
Sedans	2,574	33%
Police Pursuit	780	10%
Vans	1,482	19%
Pickups	1,326	17%
SUVs	702	9%
Trucks	468	6%
Utility Carts	234	3%
Misc.	156	2%
Buses	78	1%

Model Year 2005 Orders	
Vehicle Type	Quantity Ordered
Light Duty Trucks	427
Patrol Vehicles	335
Large Passenger Cars	242
Mini-Vans	166
Other Passenger Cars	116
Mid Size Passenger Cars	68
Medium/Heavy Duty Trucks	12
Electric Utility Vehicle	0
<b>Grand Total</b>	<b>1,366</b>

The average age of the State's 7,800-leased fleet as of September 30, 2004 was 52.33 months (4.36 years). The average odometer reading was approximately 50,250. In fiscal year 2004 total fleet mileage was 107,287,870. Michigan State Police operates more leased vehicles than any other department or agency in the State. Their 1,859 units represent roughly 24 percent of the leased fleet. The Department of Corrections is second in fleet size with about 16 percent of the fleet.

The State has considerable demand for seasonal-use vehicles, which are short-term vehicle requirements. Requests for these vehicles are fulfilled throughout the year, but demand is concentrated from April to June. VTS has determined that the most economical option for fulfilling seasonal needs is the re-deployment of vehicles that have reached their replacement threshold and have been replaced, but are still suitable for short-term use.

**2004 Seasonal Vehicle Requests by Vehicle Type**

VEHICLE TYPE	Total
Cars	221
Truck 1/2 Ton	137
Truck	53
Patrol Car	48
Minivan	19
Truck 3/4 Ton	5
Cargo Van	4
Full Size Van	3
4X4 SUV	2
4WD Pickup	1
<b>Grand Total</b>	<b>493</b>



**Additional information identifying vehicle assignments by county may be found in Appendix A.**

### **Current Fleet Service Delivery Methods**

The current fleet management vendor provides open-ended lease financing for vehicles acquired by the State, vehicle specification services, vehicle price negotiation, vehicle disposal services, access to a network of commercial maintenance, repair, and upfitting service providers, maintenance and repair authorization services, accident management and subrogation services, vendor payment services, and management analysis and reporting services.

VTS currently procures commercial fuel card services through separate contracts with Wright Express and Fuelman of Michigan. VTS operates one repair facility in Lansing and 30 bulk-fueling facilities located throughout the state.

The State will provide for the licensing of all vehicles. A list of the assigned license plates will be given to the vendor at their request. The State will provide vehicle damage and liability coverage from time of delivery to the State site until time of pick up by the fleet management company or its agent.

The State may purchase products or services from State contracts whenever it is in the best interest of the State to do so. For example, the State procures short-term rental vehicles under an agreement with Enterprise Rent-a-Car.

The State has established replacement guidelines for light-duty vehicles (sedans, pickup trucks, SUVs, and vans) of 85,000 miles and nine years. The minimum mileage replacement guideline for these vehicles was recently increased from 75,000 to 85,000 miles. Mileage is the primary factor that drives vehicle replacement decision-making.

VTS remarketed 1,100 vehicles in FY 2004 resulting in net sales returns of \$4.5 million. Approximately 90 percent of those vehicles were remarketed by the fleet management company, mostly via live auctions. The remaining vehicles were sold at State-run surplus equipment and vehicle auctions. The State will continue to remarket vehicles in-house to the extent revenue is maximized in doing so.

VTS operates one vehicle maintenance and upfitting facility in Lansing and three motor pools. The State currently performs approximately 10 percent of total fleet maintenance and repair services at this facility.

In a recent 12-month period, State expenditures for maintenance and repairs at vendors across the state were approximately \$8.4 million. These expenditures represent an estimated 40,000 repair orders.

The State spent \$4.3M on accident repairs for 3,403 claims during a recent 24-month period. The State's average vehicle inventory during this period was 8,580 units. The State's average repair cost was \$1,264, however this cost is diminished because the claims include hit and run incidents, "Acts of God," vehicle hitting an animal and incidents recorded while the vehicle was legally parked. Approximately 670 of the claims were the fault of the other party.

VTS currently procures commercial fuel card services through separate contracts with Wright Express and Fuelman of Michigan. The WEX card is used for retail unleaded gasoline and 5,579,230 gallons were purchased in fiscal year 2004. The Fuelman card is used for retail diesel fuel and 299,008 gallons were purchased in fiscal year 2004. Separate fuel cards are currently utilized by the State in order to provide diesel fuel procurement invoices net of excise taxes.

Provision of bulk fuel system management services includes (but is not limited to) maintaining pump pulsers, electronic fuel dispensing, and full range management information reporting for fuel dispensed at State-owned sites. The State does not currently contract for these services.

The State operates 30 bulk fueling facilities with 31 tanks. Consumption of fuel from in-house fueling facilities is about 690,000 gallons per year. Approximately 32 percent of this amount is pumped at the VTS-operated site in Lansing and the remainder, about 470,000 gallons, is dispensed at the other 29 fuel sites in the state. Overall, purchases from these facilities account for about 10 percent of the total amount of fuel consumed by the VTS fleet. *The provision of the bulk fuel is not included in this contract as a contract for the fuel already exists.*



VTS utilizes the *Fleet Focus (version M4)* fleet management information system from Maximus, Inc. as both a fleet maintenance management system to support the Lansing Garage operation and bulk fueling sites operated by VTS and other State organizations, and to accumulate data on outsourced fleet maintenance and fueling transactions processed via Wheels' Maintenance Assistance Program (MAP) and the use of WEX and Fuelman commercial fuel cards. *Fleet Focus (version M4)* currently is the only complete repository of data on the composition, utilization, and maintenance and repair history, and costs of the VTS-managed fleet. As such, it also supports the monthly billing of VTS customers via an interface with the State's financial management system.

## 1.1 Scope of Work and Deliverables

### 1.101 IN SCOPE

#### STEP 1. MINIMUM BIDDER REQUIREMENTS

Minimum Bidder Requirements are located in APPENDIX B.

#### STEP 2. PRODUCT AND SERVICE SPECIFICATIONS

### A. BUSINESS CAPACITY, QUALIFICATIONS AND EXPERIENCE

#### 1. Corporate Information:

Wheels, Inc.  
666 Garland Place  
Des Plaines, IL 60016

Wheels is an Illinois corporation. Subcontractor: Cross Country for towing services (Dean Germinara, Cross Country Automotive, 4040 Mystic Valley Parkway, Medford, MA 02155). Wheels performs and manages all services internally, with the exception of roadside assistance/after hours call center services, which are handled through Cross Country Automotive Services. While these roadside services are provided by Cross Country, Wheels assumes overall responsibility for the performance of all services delivered under their fleet management program, and will continually monitor Cross Country's performance in areas such as response time to drivers.

**The State has chosen to utilize the commercial fuel card management services from Wheels through Wright Express.**

**NOTE:** For purposes of this contract, automotive dealers, upfitters, firms utilized in the resale process and firms that provide repairs, parts or fuel are considered agents of the bidder and are not considered subcontractors.

#### 2. Key Personnel:

##### **Scott Pattullo – Senior Vice President - Sales, Marketing & Account Management**

He oversees Wheels' product management, account transition, account management and business development areas. Scott is the key Wheels executive for the State of Michigan.

##### **Herb Wamboldt – Account Manager**

Herb provides consultative support to help the State plan for achieving its fleet goals, and he regularly presents performance metrics and recommendations for improving the efficiency and cost effectiveness of the State's fleet.

##### **Frank Kucera – Account Executive**

Frank's role on the State's Account Team is a detail-oriented one to ensure the smooth operation of the State's fleet day-to-day activities.

##### **Tom Halpin – Account Executive**

Tom's role on the State's Account Team is a detail-oriented one to ensure the smooth operation of the State's fleet day-to-day activities.

**Matt Betz – Assistant Vice President of Sales**

Matt participates in the State's annual Executive Reviews and works to ensure the State's ongoing satisfaction with the contractor's results.

**Dave Decker – Manager, Truck Engineering**

He is therefore very familiar with the State's vehicles and the upfitting work required by the above departments.

**Bob Clark – Manager, Maintenance Assistance Program (MAP) Department.**

Bob oversees all Wheels' Technical Advisors.

**Natasha Gonsky – Manager, Fuel Management:** Natasha oversees all aspects of Wheels' Fuel Department, including ensuring efficient and accurate transactions, diligent fraud oversight and maintaining vendor relationships.

**Darrin Aiken – Assistant Vice President, Vehicle Remarketing Department:** Darrin is heavily involved in remarketing industry activities. Darrin has worked with the State to procure summer vehicles for short-term leasing needs and to make comparisons between performance by the State's auctions and Wheels' auctions.

**Vince Sommer – Director Collision, Safety & Network Management:** Vince is responsible for all collision management activities, safety programs and vendor relationship management.

3. The individuals responsible for implementing the services included in this contract are:

Scott Pattullo, Wheels' Senior Vice President of Sales & Marketing, will continue to lead the State's Account Team, ensuring that the contractor delivers superior service and providing high-level input and guidance as the contractor continues to propose new innovations and programs to help the State control costs while maximizing efficiencies. Because an implementation will not be required, the contractor can continue to focus energies on strategic planning to meet the State's fleet and cost-saving goals.

Herb Wamboldt, the State's Account Manager, is responsible for helping the State strategically plan to meet fleet and organizational goals as well as assisting with specific fleet projects. Herb identifies fleet trends, provides required analysis and communicates potential opportunities for improving fleet performance. He also conducts performance reviews, benchmark studies and other measures to demonstrate that the State's fleet is delivering results cost-effectively.

Herb's responsibilities include:

- Discussing and documenting required services and reporting to support the State's fleet
- Consulting regularly with the State on best practices for it's fleet program
- Establishing a Performance Index to measure and report fleet program progress and success
- Managing and monitoring all aspects of working relationship between Wheels and the State
- Taking responsibility for resolution of all major issues
- Identifying cost-reduction opportunities and presenting recommendations and solutions

4. Internal controls.

**Quality Council**

The Quality Council plays a key role in this process. The Council is made up of Wheels' operational area Directors who are closely involved with internal procedures and processes. Employees are encouraged at all levels of the organization to identify issues that are potential quality opportunities and to submit these issues to their Quality Council representative. This might include opportunities to lower internal costs, improve output to clients or streamline communications. The Council first conducts a high-level evaluation of each issue presented, including assessing its potential impact on quality. The next step in the process is for the Council to link underlying issues together. This may involve issues identified by different people in different departments, but which are related to the same underlying theme. Through this root cause analysis, the contractor is better able to prioritize and assess how many steps are actually required to address the issue. The Quality Council communicates to people who have submitted issues and to the Wheels organization as a whole via a quality newsletter and periodic updates to management regarding progress on specific quality issues.

**Quality Metrics**

The contractor's commitment to quality is evident in each of their programs and services. The contractor has dedicated teams in Client Services (fleet office point of contact) and Driver Services (driver point of contact) areas that devote their time to validating our measures and analyzing their areas' performance to ensure that client needs continue to be met. This includes metrics in areas such as first call resolution, speed to answer and critical customer service skills that are assessed through random monitoring. Each of our operational areas monitors its quality performance through components of accuracy and processing time. The contractor also monitors the quality of their vendors. For example, after each new vehicle delivery, the driver is asked to rate the dealer's performance on such factors as adherence to delivery schedule, dealership courtesy, paperwork and vehicle condition. The results are used to ensure that any dealerships with consistently poor performance are removed from the network.

**Performance Measurement**

The contractor measures its performance and that of each client's fleet in dozens of areas. Because each client has different priorities, a standard set of metrics is not provided to clients. Rather, a Performance Index in cooperation with each client is designed and customized, reflecting those areas that are of greatest importance to each organization. For clients that emphasize driver productivity, call center hold times and driver survey results might be measured, while for clients that are primarily concerned with cost control, measurements might include depreciation, days to sell, days to order and other activities that can impact costs. Wheels has developed a Performance Index for the State that is presented quarterly. This is a fluid document that is updated as the State's needs and priorities change.

**Monthly Account Review**

The contractor has extensive data available for use in identifying best practices and making recommendations to clients. To ensure that information is fully leveraged, which includes the detection of quality issues and the development of solutions to those issues, the Account Management group conducts a monthly Account Review, at which significant clients are discussed, themes identified and challenges and solutions shared. This ensures that any quality issues are quickly identified and escalated and this allows many clients to realize the benefits of research and analysis that may have begun initially to address the specific need of a single client.

**Audits**

When major clients or financing sources conduct process audits, often key process flows are supplied to illustrate processes, and then allow the client or the financing source to sit down and observe processes in action, including the effectiveness of control points and quality checks. Other clients have conducted billing audits, and the contractor has external auditors conduct annual audits. The accuracy of the systems and the success of the quality control processes are consistently reinforced through these audits.

**5. Up-fitter Process:**

As a member of the National Truck Equipment Association (NTEA), the contractor requires that truck engineers attend meetings and conferences to remain up-to-date on any changes in the industry. This includes ensuring that the manufacturer delivers the vehicle to the appropriate body company, that the body company has complete instructions regarding the work to be performed, and that the work is performed and the vehicle is delivered in a timely manner. The contractor communicates with upfitters on a regular basis to obtain status reports and ensure that vehicles are moving through the upfitting process in a timely manner, and the contractor continually develops daily electronic status updates as additional upfitters' capabilities allow. As the contractor receives updated information, status events such as Body Company Received Purchase Order, Vehicle Received at Body Company, Body Company Estimated Completion, Body Upfitting Complete and Body Company Shipped Vehicle are viewable online via FleetView.

The contractor works with over 230 upfitting vendors, including a core group of sixteen body company vendors for the State's upfitting. Due to the specialized nature of some of the upfitting, certain of these vendors may only upfit one or two of the State's vehicles per year. There is a group of six vendors that do 90% of the upfitting for Wheels on the State's vehicles.

The contractor has fully integrated Internet-based ordering of vehicles with upfitting into FleetView<sup>®</sup> – Wheels' online fleet management tool.



Vehicle Remarketing Department. Wheels' Vehicle Remarketing department is staffed by 28 employees. It is headed by Assistant Vice President Darrin Aiken. Remarketing industry activities include: Conducting NAFA seminars for new fleet managers, membership in the International Automotive Remarketing Alliance for industry standards, making presentations at remarketing seminars for both AFLA and NAFA, and writing articles on remarketing issues for both Used Car News and Auto Remarketing magazine. Darrin is on the Client Steering Council for Manheim Auto Auctions. Darrin has worked with the State to develop summer vehicles for short-term leasing needs and on comparisons between the State's auctions and Wheels' auctions.

Maintenance Call Center. There are 46 people working in our Maintenance Assistance Program (MAP) area, including 37 Technical Advisors. It is required that 100% of our technical advisors meet ASE certification standards and that they keep abreast of current automotive technology through continuing education.

Bob Clark is the Manager of our MAP call center. To provide additional capacity when needed and to remain in touch with vendor interaction and day-to-day call activity, Bob still handles maintenance calls on occasion.

#### 6. Accident Call Center.

There are 20 employees in Wheels' Collision Management Department. This includes six repair specialists.

Scott Brinker is the Manager of the repair and subrogation specialists in Collision Management area. Driver support for collision-related needs is provided through Wheels' Driver Services Center, which is staffed with 61 associates, 43 of who are trained to handle collision calls. As part of quality control procedures, the contractor reviews all loss reports for completeness and accuracy before forwarding them to the repair and subrogation specialists for handling. Associate calls are also randomly monitored to evaluate their customer service and call handling skills on a monthly basis.

## B. Vehicle Selection, Acquisition and Replacement

1. Process orders for new and used vehicles. New vehicle orders will be placed with the appropriate automobile manufacturers. The contractor may select the ordering dealers, however all new vehicle deliveries must be credited to Michigan dealers. The majority of the State's 2005 model year orders were for the Ford Taurus FFV, Chevrolet Silverado FFV, Dodge Caravan FFV, and Ford Crown Victoria Interceptor. Used vehicles are required to meet the State's seasonal requirements. The majority of seasonal requests are for sedans and ½ ton pickups.

### Online Ordering

FleetView allows the State to order vehicles online. The contractor helps create vehicle templates for the selector to eliminate options errors that can occur in a paper-based process. As manufacturers make changes to vehicle options throughout the year, or vehicle options and colors are discontinued, this information is updated online, real-time to FleetView. While ordering a vehicle, if there is a hold or delay on a particular model, option or color, an *alert* icon appears next to that model or option as a warning. Clicking on this icon provides a description of the hold or delay. Since errors are caught at the time they are entered, only approved, clean orders are forwarded directly to the manufacturer on the *same day* they are entered. The contractor will arrange all of the State's vehicle deliveries through Michigan dealers. The system finds the closest delivery location and offers alternate possibilities should the State prefer to select a different delivering dealer.

FleetView also offers distributed access capabilities, which allow the State to designate which individuals should have access to the system, as well as the extent of that access, which may be limited by geography, functionality or other organizational units within the State.

The contractor receives order status updates directly from the manufacturers, and their system allows the contractor to immediately locate the status of any vehicle order. The contractor scans into the system all documents related to each order for easy reference, which provides the State with instant answers to any questions regarding outstanding orders. The contractor also time stamps each order when received, and has metrics in place including aging of orders to ensure that all orders are placed on time.

### Invoice Auditing

The day after order submission, the contractor receives order acknowledgements from the manufacturers. The contractor compares each acknowledgement to the original order to ensure that the order has been correctly



received. The contractor's audit process finds many manufacturer pricing errors, such as missed incentives, incorrect price protection and retail advertising on fleet orders.

The contractor has a department dedicated exclusively to the complex task of incentive collection. When an error is identified, the contractor will front-pass the correct pricing to the State and subsequently resolve the discrepancy with the manufacturer.

### **Used Vehicles**

The contractor buys from selected sources including Fastenal and rental car companies. The contractor began having Adessa prepare condition reports for the vehicles, which eliminated many instances of vehicles not meeting the State's requirements.

2. Assist the State with the development of its annual selector, focusing on matching available vehicle models to specific vehicle functional/application needs provided by the State. Provide written recommendations to the State on which models best meet each functional requirement within 30 days from the date that the State provides the functional requirements.

Every year, the Account Management Team will work closely with you to make recommendations on vehicles that will best serve the State's fleet goals while ensuring driver satisfaction. This goes beyond plugging in vehicle requirements to select a vehicle –the function of the vehicle is considered, purchase cost and average depreciation, driver satisfaction and many other factors specific to the State's fleet. After evaluating these factors and weighing in the State's preferences, vehicles are recommended that will best optimize the State's fleet. The contractor will regularly help the State assess job requirements to ensure that the right vehicles are used for the work to be performed.

3. Prepare lifecycle cost analyses of all vehicle models considered for inclusion in the annual selector list, including models in the prior model year's selector. Submit the analysis results and recommendations to the State in written and electronic formats within 15 business days from the date that pricing is available from the auto manufacturers. Identify all data used in developing lifecycle reports so that forecasted costs can be measured against actual results and prior year projections versus the State's actual results.

Each year as the manufacturers release information for the new model year, the contractor will work with VTS to plan vehicle acquisitions for the next fiscal year. The contractor will work with VTS to define critical user needs by vehicle application, including functional requirements, driving conditions, downtime cost, environmental requirements and develops a set of recommended vehicles for each application. The contractor will then provide the State with detailed cost data on each of those potential vehicles, including working with VTS to obtain the best manufacturer incentives possible. Based on an overall assessment of vehicle fit and economics, VTS and the contractor will determine the best selector for the coming year.

The contractor also provides the State with the ability to evaluate vehicles online through the ordering section of FleetView using *Compare*. *Compare* provides vehicle specification information and is a lifecycle cost analysis tool. It allows the State to compare vehicles based on their ability to meet the functional needs of its fleet, perform cost projections and perform replacement cycle analysis.

The contractor has the ability to conduct a detailed analysis of the environmental impact of various vehicles to help the State operate a more environmentally efficient fleet. The analysis includes vehicle recommendations that considered factors such as emissions and fuel efficiency. Additional suggestions include downsizing vehicles, terminating older vehicles and proactively managing.

4. Provide vehicle safety statistics such as crash test results and accident repair cost ratings to benchmark the safety of various makes and models of vehicles. Submit statistics to the State at the same time that lifecycle cost analysis results are provided.

The contractor has the ability to gather safety statistics for vehicles the State is considering using and include this data with the lifecycle cost information that is presented prior to each new model year. The contractor will work with a number of clients who place particular emphasis on safety, including the removal from the client's selector of vehicles that did not obtain a five-star safety rating. The contractor can also provide statistics regarding the safety impact of various options the State is considering adding to or removing from its templates.



5. Furnish a systematic, on-line vehicle order process that accommodates orders for passenger vehicles, law enforcement and other specialty vehicles, light-duty trucks, and medium and heavy-duty trucks.

FleetView allows the State to order vehicles online. The contractor has the ability to help the State to create templates for the selector to eliminate options errors that can occur in a paper-based process. As manufacturers make changes to vehicle options throughout the year, or vehicle options and colors are discontinued, this information is updated online, real-time to FleetView. While ordering a vehicle, if there is a hold or delay on a particular model, option or color, an *alert* icon appears next to that model or option as a warning. Clicking on this icon provides a description of the hold or delay. Since errors are caught at the time they are entered, only approved, clean orders are forwarded directly to the manufacturer on the *same day* they are entered.

To provide additional convenience and control in acquiring vehicles with upfit equipment, the contractor has fully integrated Internet-based ordering of vehicles with upfitting into FleetView's automated process. New ordering capability allow users to add equipment combinations when placing an order. It is the industry's first web application that offers this functionality. Users have the ability to choose either a single upfitting template or groups of upfitting templates commonly selected together for that vehicle; the user need only click a button to select any upfitting combination just as optional vehicle equipment is selected today. An order can have a single upfitter or multiple body companies involved. These enhancements eliminate errors in the complex process of truck and equipment ordering. They also fully automate the order process for upfit vehicles and can accelerate the delivery process by as much as two to four weeks.

6. Ensure vehicle deliveries meet forecasted delivery dates. The first thing the contractor does to minimize order cycle times is ensure that vehicles ordered in FleetView are buildable and will not be rejected by the manufacturer. The contractor maintains a complete database of the latest vehicle configurations with all current ordering rules, available option combinations and any holds and delays. This capability means that orders placed by the State are confirmed by the manufacturer and go promptly into the manufacturer's production process. When the contractor implemented this technology, the overall average order cycle times were reduced by 11 days.

Once an order is placed, the contractor continually tracks status through daily electronic updates from the manufacturers. The estimated delivery date is updated as the vehicle moves through each stage of the manufacturer's production planning and build process, and the closer the vehicle is to completion, the closer the estimated date is to the actual delivery date. In summary, before the order is placed, the contractor can only estimate delivery dates within two to three weeks of eventual delivery date. By the time the vehicle ships, the estimated delivery date is normally within a day of the actual delivery date.

7. Confirm that all parts required for upfitting are physically available at the upfitting vendor prior to finalizing vehicle specifications and placing vehicle orders. This information must be formally communicated to the State by e-mail or fax (as determined appropriate by State personnel) for all vehicle purchases requiring significant upfitting.

Most truck specs are developed and defined well in advance of ordering, particularly for standard vehicles such as police cars and corrections transport vehicles. The contractor orders upfitting equipment within 24 hours after the contractor receives the manufacturer acknowledgement of a new vehicle order. As a result, upfitting equipment is usually available well before production of the vehicle is completed.

The contractor obtains regular status updates from the body companies. On the rare occasion when major delays occur, they are typically only due to circumstances such as a new model vehicle, where there may be a wait associated with the designing of new equipment, or customized bodies for certain heavy-duty trucks (e.g., for certain DNR vehicles) where fabrication is required that involves additional lead time. These types of vehicles make up less than 5% of the State's annual orders. In all cases, order status for these vehicles is available in FleetView and automated alerts can notify the State when upfit orders are delayed.

8. Ensure that all vehicles delivered directly to dealers are picked up by State personnel within five business days from delivery.

Nearly all State of Michigan vehicles are delivered to VTS, but when vehicles for the State are delivered to dealers, the dealer contacts the State personnel listed on the new vehicle paperwork to pick-up the vehicle. The driver information printed on the contractor's new vehicle paperwork is based upon the State's input into



FleetView when the vehicle is ordered. The contractor can ensure that new vehicles are picked up promptly by automatically e-mailing new vehicle delivery status reports to VTS.

The contractor receives “At Dealer” status as part of the electronic status information that the contractor receives from the manufacturers each day. The contractor can identify any vehicles that have been delivered to dealers and have not yet been picked up.

9. Provide a process for developing vehicle replacement guidelines for the various types of vehicles in the State’s fleet based on lifecycle cost minimization and other factors and considerations.

Creation of optimal replacement guidelines begins during the selector development process. Choosing the best vehicle based on reliability and lifecycle costs requires also planning the right length of time to keep the vehicle in service. The contractor and VTS will consider alternative lifecycle policies in evaluating vehicle choices and estimating lifecycle costs.

Each year in planning annual replacements, the contractor evaluates alternative replacement strategies for conditions, maintenance and downtime cost experience, mileage accumulation and new vehicle pricing. From this analysis, the contractor identifies which vehicles to replace in the near term to minimize depreciation and operating costs.

Instead of providing generic replacement recommendations such as “fall” or “spring”, FleetView’s Vehicle Replacement Optimization tool recommends a specific month for replacement on a vehicle-by-vehicle basis, taking into account factors such as expected retail market, vehicle make and model, mileage and downtime expenses.

10. Provide a methodology for advising the State on repair versus replacement of individual vehicles requiring major repairs. This methodology should include consideration of the vehicle user agency’s operational need for a vehicle and its ability to go without one until such time as a replacement vehicle can be obtained, and of the user agency’s fiscal capacity to pay for a replacement vehicle.

The contractor welcomes the opportunity to provide more value to VTS in these decisions going forward. The right decision for repair vs. replace is most often driven by the vehicle’s age and the need for vehicle reliability in that specific vehicle application. For the State of Michigan, State Police, undercover vehicles and FIA case-worker cars support critical public safety personnel, and vehicle reliability is critical. In other applications, such as agency pool cars or light-duty pick-ups used for hauling, vehicle reliability is less critical. When vehicles need repair, the contractor’s maintenance supervisors can reference in the contractor’s maintenance system repair vs. replacement guidelines developed with VTS in the context of the job the vehicle supports. For vehicles where reliability is critical, guidelines will be strongly biased in favor of replacement when higher mileage vehicles need repair. Additionally, these guidelines can take into consideration the availability of substitute transportation. For example, specially equipped trucks may be difficult to replace, and therefore the decision bias would be toward repair.

The repair vs. replace decision can be complicated by where the vehicle is in its amortization schedule. Users may be reluctant to replace vehicles with zero book value because they view them as free. An advantage of the State’s internal billing process is that the right repair vs. replace decision can be made for the State and keep the cost to the agency relatively constant.

11. Provide a real-time, browser-based client interface for account-specific access to via any Internet connection with the capability to sort by fields, including:
  - a. Vehicle number.
  - b. License plate number.
  - c. Vehicle Identification Number (VIN)
  - d. Vehicle Manufacturer, Year, Make, Mode, Body, Engine, Fuel Type
  - e. Odometer and date.
  - f. Driver name and address.
  - g. Department agency assignment.



- h. Vehicle in-service date.
- i. Vehicle termination date.
- j. Vehicle capitalized cost.
- k. Vehicle months-in-service.
- l. Current vehicle book value.
- m. Receives multiple orders of a vehicle with multiple colors.
- n. Capability to establish standard specifications and limit option selections based on account accessing system.
- o. Provides order confirmation from manufacturer to the State within 10 work days.
- p. Provides vehicle status information with updates during each phase of the ordering and delivery process and updates delivery date information.
- q. Provides pre-notification of delivery five days before delivery.
- r. Email address integrated with an email notification system.
- s. Up-fitting tools for trucks and vans.
- t. Displays vehicle upfitting specifications in addition to standard and optional OEM vehicle equipment.
- u. Has an error rate of less than one percent.

FleetView provides access to all the information listed above. It provides instant access to real-time fleet data, including driver and vehicle information, order history, license and title information, maintenance history, mileage and financial details. Data can be organized to reflect the State's organizational structure, so differing levels of access for various State personnel can be specified.

FleetView offers convenient access to over fifty standard reports and enabling easy data downloading into Excel for further analysis. FleetView's Reports section contains a listing of all available reports: standard reports and customized reports that have been developed specifically for the State. By clicking on the report title that is selected, the report is built from current, real-time data. Mouse clicks on data fields can create a custom query for extraction into an Excel file for further analysis.

Beyond the standard reports, the contractor can create custom reports for the State and send them to the State's FleetView inbox. These customized reports are developed by the contractor's Data Analysis and Reporting Team (DART). DART is a specialty group of data miners and analysts who work with the State's Account Team to create the reports the State requests. The Account Manager and Regional Sales Manager work with the State to understand the type of unique reporting the State's fleet requires. The requested reports are then produced and sent to the State's FleetView inbox on a regular basis.

12. Provide online update of key accounting, driver and mileage data via secured access to individual data fields.

The contractor's system accommodates up to five levels of organizational structure up to a concatenated length of 60 characters. The State's accounting data is imbedded in this structure. As additional changes are made to the structure, systems are adjusted accordingly. The State may move vehicles between existing divisions online at any time, and these changes are reflected in real time. If additional structure elements are requested to be included, the Account Executive can make these changes that will be immediately reflected online.

FleetView also offers ten client-defined fields that the State may use for project accounting codes, which can be incorporated into reporting. The State may update existing key data elements online as well, as updates en masse via a periodic electronic transmission.

13. Provide a system that will accept uploads of transactional data in ASCII format from an internal fleet management information system or data resulting from unbundled products and/or services procured by the State for integration into the contractor's database.

The contractor has created a file format that the State can upload into the M4 system on a monthly basis. The contractor has also supplied the State with a format for the uploading of data from the M4 system into



FleetView. This can include fuel and mileage data that State users input into its M4 system that, when uploaded into FleetView, will provide a comprehensive source of fleet expense and usage data for the State.

14. Provide electronic message communication to include:

- a. Automatic notification of vehicle replacement and/or delivery status via email to designated point of contact for each vehicle

The contractor can provide automated notifications regarding a variety of vehicle related activities associated with the services included in this contract. This includes order status e-mails through the contractor's Order Administration service and oil change reminders and maintenance reminders as part of the contractor's Maintenance Assistance Program. For contacts who manage multiple vehicles, these notifications are combined into a single message so users do not receive excessive e-mails.

15. Provide an invoicing system that is flexible enough to provide:

- a. Unit specific billing with summary level data based on the State's accounting and/or vehicle type structure.
- b. Online update of key accounting, driver and mileage data via secured access to individual data fields.
- c. Auditing of actual vendor costs incurred at the transaction level of detail.

The contractor's billing system provides the functionality as listed above. It is designed to mirror the State's organizational structure and allows the sorting of data according to whatever criteria is preferred, e.g., agency or accounting code. The State may update existing key data elements online as well, as updates en masse via a periodic electronic transmission. Because details transaction information is provided for expenses such as maintenance, the State may review these transactions at any time.

16. Alternative Billing Methods: Provide billing capability that would provide a customer billing that differs from the State's invoice (such as with a "shadow billing") and includes additional billing items. The contractor can provide "shadow billing" that will relieve the State of the administrative burden and systems costs associated with rebilling State agencies through the State's internal billing system. Each agency can be billed a flat monthly amount per vehicle in a "shadow bill," and the contractor can provide their standard invoice reflecting actual charges to VTS. The difference between the "shadow bill" and the actual costs can be accounted for in a specific cost center in the VTS bill. Alternatives in how this "shadow bill" is structured could include a simple fixed amount per month, a combination of fixed and variable amounts tied to mileage, or a combination of fixed and variable amounts tied to actual expenses.

17. Process the State's 2006 model year vehicle orders. The vehicle provider must have in place by no later than 60 days after the contract is awarded, a computerized order process, and recommendations on specifications provided by the State and a delivery plan consistent with the State needs.

The contractor can make vehicle recommendations, set up the State's templates, automate order submittal and track all orders through delivery. Review and updating of the State's 2005 selectors as appropriate can be accomplished quickly, which will ensure that there are no ordering delays.

18. State of Michigan personnel may need to go to the manufacturer's plant for inspection of specialized vehicles. If the State desires this and Wheels incurs any cost related to this inspection, Wheels may pass through the cost to the State under this contract.

### C. Vehicle Financing

1. Interest rates for new vehicles must be fixed for the life of each individual vehicle lease and indexed to U.S. Treasury Bill rates in effect on the date that each vehicle is delivered.

The contractor offers a number of financing options, including the one that is currently provided to the State, which is based on the 2-Year Treasury rate.

2. Interest rates for used vehicles must be fixed for the life of each individual vehicle lease and indexed to U.S. Treasury Bill rates in effect on the date that each vehicle is delivered.



The contractor can offer the State the same two-year fixed rate for used vehicles as for the new leased vehicles.

3. Interest rates for the buyout of current vehicle leases must be fixed for the remaining life of each individual vehicle lease and indexed to U.S. Treasury Bill rates in effect on the date of the buyout.

The contractor could offer the State the same funding option for buyout vehicles. The contractor is offering to refinance the existing leases at a fixed interest rate which is detailed in the pricing section. This offer expires 12/31/05.

4. The analysis of vehicle financing services will be based on a fixed interest rate quoted for new vehicle acquisitions.
5. The contractor may *in addition* to the required fixed rates provide floating or other interest rate proposals for the State to consider, if they believe that such proposal might offer better value to the State.

As a cost-saving financing alternative, the State might choose to use a floating interest rate. Through the "shadow billing" process described in response to Question B.16, agencies could still benefit from a predictable cost for budgeting purposes through the billing of a fixed monthly amount, while the State could save significantly on its total financing costs.

#### D. Vehicle Remarketing

1. Manage the remarketing of vehicles to maximize residual values, including the ability to reach markets for specialty vehicles.

The contractor's used vehicle outlets – auctions, dealers and wholesalers are supported by a multimillion-dollar remarketing information system. The contractor's remarketing system allows management of each individual vehicle sale – identifying the best outlet and target pricing for each vehicle based on historical data (including a three-week trend line) for specific model, mileage parameters, region of the country and time of year. This used vehicle database links directly with FleetView, providing individual and aggregate sale results.

2. Provide independent verification of the actual sale prices realized for disposed vehicles.

The contractor begins by looking at the condition report prepared by the driver or the delivering dealer and, if necessary, the contractor requests photos to verify the vehicle's condition. Then the contractor calculates the AMR price and reviews other similar vehicle sales through their in-house remarketing application to assess the current market value of the vehicle and determine a floor price. The contractor's remarketing application assigns the State's vehicles to the strongest resale outlet based on recent performance for similar vehicles and assists in analyzing the used vehicle market to ensure top resale proceeds for the State.

To assess vehicle sale price, the contractor uses as a standard AMR, Clean Zone 1 adjusted for mileage only. The contractor measures their AMR performance against net sale proceeds – the true bottom-line results of the State's used vehicle sales.

3. Accommodate the State's desire to remarket State vehicles through other channels of its choosing, such as State Surplus auctions.

The contractor supports the State's remarketing of vehicles through other channels. The objective is to maximize resale proceeds for the State, which minimizes depreciation. Retail buyers pay higher prices for desirable vehicles. The contractor should remarket as many vehicles through the State auction channel as possible as long as the contractor can maintain prices that are higher than wholesale and justify the increased remarketing costs.

The contractor has two programs in place to accommodate the State regarding its surplus auction sales. The first is the current program, under which the State operates a surplus auctions a few times a year at the Lansing location. The contractor is given a list of vehicles that will be at the sale, the paperwork and titles are sent to the State so the State may run the auction and have all the paperwork necessary to complete the sale.

The second program involved a comparison between the State's surplus auctions and the contractor's auction sales. The contractor has developed a program with ADESA Lansing Auto Auction and the State of Michigan to pick up the vehicles scheduled for the next State surplus auction. The State and the contractor then work together to analyze the sales results between the State auctions and the contractor's wholesale auctions, with a



goal toward identifying which method of disposal yielded more dollars for the State. The contractor's methodology is to assign the vehicles for the State's surplus auction to ADESA Lansing so the same work and condition reports would be prepared before both types of sales to allow comparison of vehicle sales through each channel.

4. Offer multiple alternatives for vehicle disposal including on-line, public and dealer auctions, wholesalers, and sale to dealers.

The contractor is currently selling vehicles for the State via auctions throughout the Midwest. The State's squad cars are sold on ADESA's website LiveBlock to broaden the interest in squad cars and expand the buyer base before the traditional auction sale date. The contractor recently released an Internet Resale Program through which the State could run an online auction site and sell used vehicles to all Michigan residents.

5. Minimize the reconditioning of vehicles prior to disposal – other than washing and cleaning the interior and exterior of the vehicle – without prior authorization from appropriate State personnel.

The contractor generally does not recondition used vehicles. It has been determined over the years that dollars invested in reconditioning typically do not return their value in increased selling prices.

6. Provide a real-time, browser-based client interface for account-specific access via any Internet connection with the capability to sort by fields, including:

- a. Date available for sale.
- b. Date of sale.
- c. Gross and net vehicle sales results.
- d. Automotive Market Report (AMR) Zone 1 Clean values adjusted for mileage on date vehicle was available for sale and actual sale date.
- e. Dollar amount of AMR mileage adjustment.
- f. Sale amount percent of AMR.
- g. Transportation costs.
- h. Vehicle clean-up for resale costs.
- i. Vehicle number.
- j. License plate number.
- k. Vehicle Identification Number (VIN)
- l. Vehicle Manufacturer, Year, Make, Model, Body, Engine, Fuel Type
- m. Odometer.
- n. Driver name and address.
- o. Department agency assignment.
- p. Has an error rate of less than one percent.

FleetView's reporting and data access capabilities encompass a range of remarketing information, and can provide reporting that includes all the data elements listed above. The contractor provides a number of sold vehicle reports via FleetView, including:

- Depreciation Analysis: This report includes final depreciation levels, helping the State make decisions on reserve rate changes for the future.
- Sold Unit Detail: This report offers detailed remarketing results for each vehicle the contractor has sold on the State's behalf.
- Sold Vehicle Expense Comparison: contains expense summaries by category for sold vehicles, comparing the previous and current vehicle model years by total expenses, by mile, and by months in service.



**E. Vehicle Maintenance and Repair**

Provide a network of vehicle maintenance and repair shops located throughout Michigan. The contractor maintains a network of maintenance vendors in Michigan, which includes 744 independent shops and 626 national accounts. Of these, 70 shops are located in the Upper Peninsula. The table below indicates the number of network vendors within 5 and 10 miles of each of the State’s police post zip codes:

Zip Code	Vendors Within 5 Miles	Vendors Within 10 Miles	Zip Code	Vendors Within 5 Miles	Vendors Within 10 Miles
48062	3	10	49099	0	0
48114	23	49	49106	4	10
48161	26	27	49120	18	43
48167	66	194	49201	34	38
48180	82	237	49221	24	25
48197	32	63	49250	8	8
48202	47	304	49337	1	1
48226	72	226	49341	3	22
48237	102	356	49348	1	5
48413	5	5	49417	10	14
48442	5	34	49420	3	3
48446	12	14	49544	41	153
48471	1	1	49601	9	9
48532	71	130	49646	0	1
48607	59	72	49660	7	7
48624	0	8	49684	26	28
48629	5	5	49690	0	8
48661	15	16	49707	13	14
48706	34	44	49721	19	19
48722	2	57	49735	5	5
48723	4	4	49770	6	6
48730	0	4	49781	0	5
48817	13	23	49783	17	33
48846	5	5	49801	15	21
48847	5	9	49837	0	18
48850	2	2	49854	1	2
48858	22	22	49855	36	36
48913	68	102	49862	0	0
49015	46	48	49866	5	45
49036	11	15	49868	0	1
49058	5	6	49887	0	0
49079	2	6	49913	0	0
49090	1	1	49935	0	9

1. Furnish a process for adding vendors to the contractor’s maintenance and repair network to the extent that are not already included in it. The State has several agencies that have long-term relationships with particular repair shops and the State may require these shops to be added to the network. The VTS garage in Lansing must be added to the contractor’s maintenance and repair network.

Upon receiving a request to add a potential vendor into the contractor’s network, the Network Management group conducts a vendor coverage analysis to determine if an existing network vendor is located within the same area. This analysis helps to ensure that the contractor provides convenient network coverage for the State’s drivers while retaining leverage over network vendors when negotiating pricing and repair scheduling. When appropriate, the contractor will initiate contact with the vendor, and if the shop meets the contractor’s quality criteria for



performance and service, the contractor will begin the process of enrolling the vendor into the network. In this way, the contractor provides comprehensive repair options at the lowest possible cost – and not just through the national account chains.

The contractor has added the VTS maintenance facility to the contractor's system as a preferred vendor. The servicing profile for the State instructs technical advisors to refer vehicles within 45 miles of Lansing to the VTS facility for non-warranty repairs. In many cases this is not possible, as the driver does not call the contractor first, and the vehicle is already at another shop when the contractor receives a call for approvals. In these situations, often diagnostic work is already done or the repair or preventive maintenance has already been performed. Where moving the vehicle is an option, the contractor will evaluate the additional downtime that would result compared to the potential savings on the repair. By counseling drivers to always calling the contractor first and to use the VTS facility whenever possible, the State can assist the contractor with efforts to use the VTS facility whenever possible. Instructions to drivers have been added to the MAP Driver Passport to use the VTS garage if they are within 45 miles, and the garage is listed on the Passport as a preferred vendor.

2. Provide a process for authorizing the performance of vehicle maintenance and repair services that includes consultation of individual vehicle maintenance and repair histories to ensure that proposed services are needed and will be performed cost effectively. The State will specify spending thresholds below which the contractor is authorized to approve the performance of such services, and the conditions under which the contractor must consult with State personnel before making such approvals.

When a driver, or a repair shop, calls the contractor's toll-free help line with a maintenance or repair problem, an ASE-certified maintenance advisor accesses the vehicle's detailed maintenance history in the contractor's database, including industry and manufacturer specifications for the particular model. The advisor diagnoses the problem, directs the driver to a network repair facility, then negotiates the repair and price with the facility. Maintenance advisors work to find high-quality, low-cost repairs in a timely fashion. If the vehicle will be out of service for an extended time, temporary transportation can be arranged. MAP advisors automatically file any paperwork necessary for warranty recovery and pass 100% of all warranty dollars recovered directly to the State.

The State's MAP parameters allow drivers to authorize repairs for preventive maintenance up to \$75 and MAP to authorize repairs up to \$1,000. All repairs over \$1,000 are approved by State designated representatives, who are contacted in the order designated by the State.

3. Define different echelons of preventive maintenance service for different types of vehicles in the State fleet and for different applications of the same type of vehicle, if appropriate, and define the time and/or mileage intervals at which such echelons should be performed.

To effectively manage downtime, preventive maintenance is approached based on vehicle application. High downtime cost and driver safety considerations have the greatest impact for the State with regard to State Police vehicles, undercover cars and FIA caseworker cars. The rough driving conditions for DNR vehicles also warrant a distinct maintenance schedule.

Maintenance schedules are built by manufacturer and application. There are twelve different maintenance schedules for the State. This saves the State money by taking advantage of extended fluid change intervals currently offered by most manufacturers and avoiding services that are no longer required. Schedules may be customized to add or exclude certain services (e.g., exclude transmission services or add extra brake inspections). Schedules can also be customized to incorporate or exclude synthetic fluids and to support Hybrid vehicles.

4. Ensure that State drivers or other points of contact for specific vehicles are notified via email when preventive maintenance services are due for each vehicle in the fleet.

The contractor can provide automated reminders regarding preventive maintenance such as oil changes. The contractor can also provide alert reports to VTS regarding non-compliance with preventive maintenance schedules. Similar tracking can be used to keep the State informed regarding DOT compliance for the small number of State vehicles that require inspections. In order to provide these notices, it is essential that driver or agency contact information be provided in the vehicle database and be kept current.



5. Measure driver adherence to the State's established preventive maintenance schedules.

As noted above, the contractor offers exception reporting through which the State can identify drivers who have not had scheduled maintenance performed on their vehicle within a specified timeframe, and the contractor will provide reminder e-mails when, for example, an oil change has not been performed within a set time or mileage parameter. The contractor can provide this type of reporting organized by agency and vehicle type. With FleetView's distributed access, the reports are accessible by the agency contacts responsible for the vehicles, as well as by VTS. The contractor can compare actual preventive maintenance activity with the maintenance schedule for each vehicle and benchmark compliance between locations.

It is critical that the agencies are involved in this dialogue. By communicating regularly with the agencies on this issue and perhaps formulating a scheme under which agencies are billed back for poor maintenance practices, the contractor can motivate agencies to work on improving compliance.

6. Develop and implement a plan in consultation with appropriate State officials for managing fleet maintenance and repair activities so as to minimize service costs and maximize service quality.

Working with agency contacts, the contractor will help the State organize a maintenance plan by agency and by application. A maintenance plan will be built based upon the mission of each vehicle, paying particular attention to downtime and its cost and impact on State operations. Because most State vehicles are location-based and returned to that site each night, a quality maintenance vendor can be selected for each vehicle and most work. While it is not feasible to define the maintenance location and strategy for each individual vehicle, this can be accomplished in most cases, especially the State Police and FIA, which have the highest cost of downtime.

Because the State Police, DNR and FIA drive most maintenance costs, it is important to work with them on the structure and implementation of any new initiatives. By providing reporting to the users, the contractor will help them understand their costs and the implications of each maintenance decision made. The contractor will also benchmark maintenance costs between locations and publish this information among State agencies. The contractor recognizes that environmental issues are important to the State, and proper maintenance offers a number of environmental benefits, including improved mileage through maintaining the correct tire pressure.

7. Measure and assess the appropriateness of the costs of State vehicle maintenance and repair using published industry statistics/standards or other appropriate benchmarks so as to ensure that the State is receiving good value from its maintenance and repair management program. Provide the contractor's analysis and results in an annual written report to the State.

The contractor will build benchmarks for the State to compare the State's maintenance costs to fleets with similar applications and vehicle types. After these benchmarks are established, the contractor will review them with the State's fleet contacts to obtain their buy-in to the initial data and its use for ongoing cost evaluation. The contractor will also encourage internal benchmarking between agency locations where appropriate. Many State agencies have similar applications, such as DNR locations, police posts and FIA office locations – each of these offers great opportunities for internal benchmarking of maintenance practices and costs. Within an agency, most locations perform the same work with the vehicles, but there can be differences of as much as 30-50% in costs between the best and worst locations. Understanding what drives those differences can offer great insights into practices that reduce fleet costs and improve vehicle uptime. Individual agencies can also be benchmarked against their own maintenance costs over time to measure progress within agencies.

To ensure that the contractor's maintenance shops are delivering value, the contractor regularly benchmarks repair costs at network vs. non-network shops. Relationships with the contractor's network vendors and the expertise and negotiating of the contractor's technical advisors deliver significant savings compared to work performed at non-network shops without the guidance of the contractor's advisors.

8. Provide quarterly fleet maintenance performance measurements that include statistics for the previously completed quarter and year-to-date. Examples of performance standards to be monitored and reported include the following:

A comprehensive quarterly reporting package that includes detailed maintenance data would include overall statistics as well as a breakdown by agency so VTS can provide reports to its end customers. The development of accurate maintenance reporting has been slowed by the existence of two databases with the State's maintenance information. As the State begins providing data uploads from the M4 system to FleetView, the



contractor will be able to provide complete maintenance reporting, which can include past quarter results, year-to-date totals and other timeframes as requested by the State

9. **Scheduled repair rate** – measure of repair work orders that are scheduled compared to unscheduled repair work orders.

The contractor will include rate of scheduled repairs vs. unscheduled repairs in the contractor's maintenance tracking.

10. **Road call rate** – measure of unscheduled road service repairs to total number of work orders.

The contractor can provide this statistic. Road service calls are of particular importance as they tend to involve significant downtime, can put the driver's safety at risk, and are obviously unscheduled maintenance events. While road service repairs to total work orders can be provided, the contractor recommends tracking of the absolute number of road calls per month per 1,000 vehicles. Looking at the data in this way and understanding the major reasons for roadside service – e.g., tire failures, accidents, mechanical or electrical problems – helps the contractor reduce the amount of vehicle downtime and unscheduled maintenance over time.

11. **Rework/Comeback rate** – measure of the number of repeat work orders to total number of work orders.

All repairs performed at the contractor's network shops are guaranteed for a minimum of 90 days. This is just one of the reasons it is so important for drivers to call MAP before taking their vehicle in for repairs. The contractor's ASE-certified technical advisors review the vehicle's detailed repair history in the contractor's online system, and identify any work previously performed which may provide warranty coverage for the current repair need. The contractor then directs the driver to the shop that performed the original work and have the warranty work performed without cost to the State.

12. **Work order completion rate** – measure of the number of work orders completed within 24 and 48 hours.

The contractor can track and report this information to the State as part of the quarterly reviews.

#### **Additional Maintenance Measurements**

The contractor tracks a broad range of maintenance-related statistics, including downtime for critical applications, preventive maintenance compliance, maintenance cost per month and per mile by application, internal benchmarks, call answering statistics, driver satisfaction, location manager satisfaction, time from work to bill, and number and percentage of total repairs exceeding a certain dollar amount. The contractor recommends that VTS and the contractor develop a comprehensive quarterly maintenance report customized for each major agency client, which would include many of these metrics and likely others that will be requested by the agencies. Reviewing this report regularly and developing maintenance improvement strategies will deliver major fleet performance benefits for the State.

Provide a centralized maintenance and repair call center and authorization system that is accessible 24x7 via toll-free telephone number and responds to driver and vendor requests for information and/or service authorization in a 12-month average of 60 minutes or less.

The contractor provides toll-free, 24/7 maintenance assistance coverage for the State's drivers, 365 days a year. Calls are handled directly by the contractor's MAP advisors weekdays from 8:00 am to 8:00 pm Eastern Time and Saturdays from 8:00 am to 6:00 pm. During the remaining hours, calls are handled by the contractor's emergency assistance service, so drivers always receive assistance from a live person — never a recorded message. The emergency assistance service provides all relevant information to MAP advisors during the hours noted above – when repair shops are typically open for business. MAP authorizes repairs in accordance with the State's profile, seeking State approval only when State thresholds are exceeded. In such cases, timeliness of approval is necessarily dependent on the availability of State personnel to provide authorization. The average roadside response time is less than one hour.

To further enhance the maintenance support provided to the State, the contractor implemented a solution to meet the needs of drivers who arrive at the VTS shop looking for assistance after that building has closed. The State sought a way for drivers in this circumstance to be able to reach the contractor, even if they didn't have a phone with them. The contractor assigned a dedicated toll-free number to the State and made revisions to the



contractor's menu-based system so the driver could simply press the intercom button at VTS (which has no other buttons to permit menu selections) and be connected directly with MAP. Should this occur after MAP's business hours, the intercom connects the driver directly to the contractor's emergency assistance service, so immediate help is always available.

Should the State require overnight repairs at specific locations, the contractor can arrange with a nearby vendor to provide overnight repair service.

Develop and implement strategies for minimizing maintenance and repair-related driver downtime.

The contractor recommends that the contractor work with VTS and the agencies to develop maintenance strategies and performance tracking by vehicle application. Once the primary causes of downtime have been identified, the contractor will experiment with alternative strategies; changing tire replacement parameters, preventive maintenance schedules, compliance controls and vehicle replacement policies all have the potential to impact downtime.

13. Ensure that all repairs are made using OEM or equivalent replacement parts, as required by State of Michigan law.

In authorizing repairs for the State, the contractor's MAP Advisors ensure that only OEM or equivalent replacement parts are used. Based upon requests from the State for certain circumstances, such as brakes for the pursuit Tahoes, only OEM parts are used.

14. Ensure that all necessary recall services are performed when a vehicle is recalled by the auto manufacturer.

To ensure that the State is kept up-to-date about any recalls related to its vehicles, the contractor provides the manufacturers with the names and addresses of all State agencies/drivers and their vehicle information. Every week, an updated electronic data feed is sent to the manufacturers identifying the operator of each vehicle. For the State, since the license number is used in lieu of driver name, VTS is listed as the contact and all recall notices are sent to VTS for any vehicles having VINs that fall under a recall.

15. Ensure that all warranties are utilized to their full potential via a warranty management program that includes processes for making claims for both original equipment and after-market parts and services.

Through MAP, the warranty recovery process is automatic. The contractor's system automatically highlights items under warranty so those items can be identified up front and have the repairs performed under warranty, rather than trying to recover warranty dollars later. The savings of this up-front control can only be fully realized when drivers contact MAP and use the contractor's network shops so the contractor can identify warranty work and ensure that it is performed through that coverage. The contractor will make sure that if needed repairs are covered due to a warranty for repairs previously performed, the same shop does the work so the State does not incur additional costs.

The contractor can also maintain warranty information in their system with regard to specific parts. The contractor's system has triggers that remind the advisor if warranty coverage may apply. The contractor manages warranties with regard to after-market parts in a similar manner; if the part was recently installed and breaks shortly thereafter, warranty coverage is pursued by the contractor with the vendor that performed the original work. Similarly, if an upfitted component fails, the contractor will pursue any warranty opportunity directly with the upfitting provider.

16. Vigorously pursue post-warranty claims. The contractor will also monitor repeat problems and seek out-of-warranty dollars when appropriate. If a problem occurs that is not covered by the terms of a manufacturer's warranty or the warranty has expired, the contractor will negotiate with the manufacturer when appropriate. The contractor will pass 100% of such amounts through to the State

17. Assist the State in interfacing with its car rental vendor so as to ensure that rental vehicles used by State employees while their State vehicles are in the shop for extended periods of time for maintenance and repair are turned in on the date that the repaired vehicle is made available for pick up by the driver.

In accordance with the State's parameters, the contractor will arrange rental vehicles for the State while fleet vehicles are in the shop for repairs. The contractor is currently testing several rental-tracking reports with the



State, including a closed rental report and an open rental report. It is anticipated that the State will participate in beta testing of both of these reports. The contractor plans to link the open rental report with repair end dates to enable easy identification of drivers who have failed to return their rental vehicle when repairs on the fleet vehicle are complete.

18. Provide a real-time, browser-based client interface for account-specific access via any Internet connection with the capability to sort by fields, including:
- a. Maintenance and repair work order status.
  - b. Maintenance and repair history.
  - c. Maintenance and repair costs.
  - d. Warranty recoveries.
  - e. Vehicle number.
  - f. License plate number.
  - g. Vehicle Identification Number (VIN)
  - h. Vehicle Manufacturer, Year, Make, Model, Body, Engine, Fuel Type
  - i. Odometer
  - j. Driver name and address.
  - k. Department agency assignment.
  - l. Email address integrated with an email notification system.
  - m. Has an error rate of less than one percent.

Through FleetView, the contractor provides the State with comprehensive maintenance data, including repair and expense detail that encompasses all of the fields listed above. The State can view the maintenance history for each vehicle enrolled in MAP. When a MAP advisor generates a Purchase Order (PO), the data - including work performed, PO date, repair shop name and address, MAP advisor name, and repair charges by line item - is immediately available via FleetView. Each driver may view his or her vehicle maintenance information via DriverView. In addition, FleetView provides standard maintenance reports (Oil Change Report, Maintenance by Category and Maintenance Detail by PO Date) and custom reports developed especially for the State to help the State manage its fleet's maintenance data.

The contractor has provided the State with data format information so that an electronic feed can be provided to incorporate work performed at the VTS shop into FleetView. This process can begin as soon as the State's resources and priorities allow.

19. Provide electronic message communication to include:
- a. Automatic notification that preventive maintenance services or recall repairs are due via email to designated point of contact for each vehicle

Through the contractor's automated messaging system, e-mails can be sent to the State's designated contact for each vehicle when thresholds are met of at least 30 days and 5,000 miles. The contractor can also schedule a report to run on the first of every month (or other date if preferred by the State) so that the State may schedule when each vehicle will have its preventive maintenance performed that month. This type of proactive approach allows the State to minimize the effects of widespread downtime while at the same time ensuring that preventive maintenance is performed as necessary. With new reporting functionality that has just been released, the contractor can provide VTS and agency contacts with a summary of exception notifications tied to a variety of metrics and parameters for the State's fleet. This summary is available when a user logs in to FleetView reporting or can be made available via e-mail notification.

- b. Automatic follow-up notification every 30 days of delinquent services/repairs via email to the designated point of contact for the vehicle plus a consolidated list for each organizational to its points of contact and a master list to the State.



The contractor offers exception reporting that identifies vehicles that have not had preventive maintenance performed within the time frame specified. This list can be sorted by agency or other criteria so that each contact can receive a list of non-complying vehicles for which he or she is responsible. The contractor has released a new Alerts system that will allow the State to designate certain activity for tracking so that related data will be highlighted on the State's FleetView homepage every time a State representative logs on. This will provide the means of monitoring compliance with preventive maintenance schedules, allowing the State to take appropriate action to reduce costly behavior. The contractor has flexibility in the ability to automatically send e-mail notifications on individual activity and summary reports to drivers, agency fleet contacts and VTS.

## F. Vehicle Accident Repair and Claims Management

1. Provide a network of vehicle body repair shops located throughout Michigan.

The contractor maintains a network of 200 body repair shops throughout Michigan, including 16 in the Upper Peninsula, to address the State's accident repair needs. By directing body repairs to a smaller number of shops, buying leverage is obtained which results not only in cost savings but scheduling preference as well.

2. Furnish a process for adding vendors to the contractor's body repair vendor network to the extent that are not already included in it. The State has several agencies that have long-term relationships with particular repair shops and the State may require these shops to be added to the network.

When circumstances, such as a particular need of the State, warrant consideration of adding new shops, the contractor considers a number of factors:

- ASE or ICAR-certified techs
- Warranty on mechanical repairs
- Life of the Lease warranty on body repairs
- One-year warranty on mechanical repairs
- Tow services, on-site roadside repair
- Federal Department of Transportation inspections
- Free vehicle storage
- Preferential treatment for client drivers
- Fully Insured
- Better Business Bureau checks
- Random satisfaction surveys
- Provision of electronic estimates and pictures when necessary

3. Provide a process for authorizing the performance of collision repair services that ensures that such services are performed cost effectively. The State will specify spending thresholds below which the contractor is authorized to approve the performance of such repair services, and the conditions under which the contractor must consult with State personnel before making such approvals.

All authorizations are handled in accordance with the State's collision management profile. When the contractor receives a driver call, they ensure that the driver is safe. A collision repair specialist then sets up an electronic accident file, takes the first notice of loss and advises the driver on how to proceed. If a vehicle is drivable, the driver is asked to submit one repair estimate (this can vary per the State's instructions) and the accident report. The contractor compares the estimate against a leading industry database to ensure the shop's estimate is appropriate for the work required and negotiates the repair as appropriate. The contractor usually authorizes repairs within 24 hours, and the State is contacted if the amount exceeds \$2,500. The contractor then issues a purchase order to the driver, who can take the vehicle to a Collision Repair Network shop at his or her convenience and present the purchase order to the shop to have the repair performed.

4. Develop and implement a plan in consultation with appropriate State officials for managing collision repair activities so as to minimize service costs and maximize service quality.

The contractor has established a collision management profile in cooperation with the State, which includes details such as contact information based on type of incident, authorization limits and rental procedures. Repair Specialists follow these guidelines in handling each repair instance. This includes having the driver obtain a



police report in all cases except State Patrol vehicles, faxing accident reports to the State on a daily basis, and the contractor authorizing repairs up to \$2,500 (\$200 in the case of seasonal vehicles or those that have met their replacement criteria).

5. Develop and implement a plan in consultation with appropriate State officials for minimizing driver downtime associated with making collision repairs.

The contractor currently minimizes downtime in the case of collision repairs through the processes described above, and will work with the State to outline a plan focused on those areas where controlling downtime is most critical. The contractor requires one repair estimate and provides prompt authorization so repairs may commence at the earliest possible time. In emergency situations, the contractor provides rental vehicles to the State driver in the case of a collision. Otherwise, the driver is referred to the VTS Dispatch Center to check if there is a spare vehicle available. Through these two sources, drivers are usually back on the road quickly.

Annual review of driving records and use of a point scorecard program to identify non-complying drivers – coupled with a driver-training program – can significantly reduce the accident rate. This not only decreases downtime associated with accidents, it significantly reduces overall repair costs.

6. Provide a centralized accident management call center and repair authorization system that is accessible 24x7 via toll-free telephone number and responds to driver requests for assistance in a 12-month average of 60 minutes or less. Furnish procedures to be followed by drivers in reporting an accident and requesting roadside assistance and a replacement vehicle.

The contractor's toll-free collision number is available 24 hours a day, 7 days a week. Driver Services Associates are available for accident reporting weekdays between 8:00 a.m. and 8:00 p.m. Eastern Time and Saturdays between 8:00 a.m. and 6:00 p.m. After these hours, calls are routed to roadside assistance, so drivers always receive assistance from a live person — never a recorded message.

Because most accidents are reported immediately after they happen, drivers do not have access to the Internet and logically prefer to report via telephone. Consequently, no requests have been received for online accident reporting. The contractor prefers to have drivers provide accident reports to one of the Driver Services Associates to ensure that all required information is collected. Information obtained online may lack important details – particularly related to subrogatable claims – thus requiring that the driver be called back for additional information, by which time recall regarding the specifics of the accident has often begun to fade.

7. Provide accident reports to the State via electronic format within 24 hours of taking the report from the driver.

The contractor currently forwards copies of the loss report to the State's designated contacts within 24 hours of the report being completed by the driver. The loss report is also viewable online via FleetView immediately after input and can be e-mailed to the State.

8. Provide a complete list of the contractor's professional collision damage appraisal providers and the average time to furnish the appraisal from the time that the appraisal was requested in 2004.

The contractor currently uses two appraisal companies: SCA and Doan. Appraisers are generally used when a vehicle is at a tow facility and the location states that the vehicle is a clear total loss. Rather than incurring additional towing costs and taking the time to move the vehicle to a body shop, an appraiser is typically dispatched. Average turnaround time for appraisals is three to four days.

9. Furnish procedures to protect the State from fraudulent repair shops. For example, provide guarantees that work authorized by a professional appraiser is actually completed with the types parts identified in the appraisal, and that collusion does not exist between the appraiser and the auto body repair shop.

The contractor manages the entire collision management process in-house. In addition to increased quality control and data consolidation, the contractor's approach provides the assurance of independent referrals and repair decisions. The contractor manages a network of independent collision repair shops and appraisers. The contractor requires and validates through periodic audits that only OEM parts are used, and every bill is audited for accuracy.



10. Assist the State in interfacing with its car rental vendor so as to ensure that rental vehicles used by State employees while their State vehicles are in the shop for extended periods of time for collision repair are turned in on the date that the repaired vehicle is made available for pick up by the driver.

In accordance with the State's parameters, the driver is referred to the VTS Dispatch Center to check if there is a spare vehicle available. When a spare vehicle is not available, and in emergency situations, the contractor provides rental vehicles to the State driver. To increase control of rental costs and allow the State to monitor driver behavior, the contractor is testing several rental-tracking reports with the State.

11. Ensure that all repairs are made using OEM or equivalent replacement parts, as required by State of Michigan law.

The contractor only authorizes the use of OEM parts for the State's vehicles. As noted above, the contractor conducts periodic audits to ensure that this standard is being met by their vendors.

12. Manage subrogation for the State so that the maximum amount of recoveries permitted under Michigan's no-fault insurance laws are realized, including property damage, rental car costs and diminished value of the State's vehicle.

The contractor's subrogation process begins the first day of a claim, when collision repair specialists collect information from the State. Each reported claim is reviewed by a subrogation specialist the day it is received to determine if any potential for recovery exists. The first step in the subrogation process is to immediately place the responsible party on notice of the claim and inquire as to determine if that party is insured. The responsible party may elect to report the loss to his or her insurance carrier and allow the carrier to handle negotiations on his or her behalf. The party may be insured and decide, for whatever reason, to handle the loss without reporting it to the carrier, or the party may be uninsured and agree to make restitution directly to the contractor.

The contractor then proceeds with the subrogation based on the estimates received. The contractor does not wait for the final bill, because delays in pursuing subrogation typically lead to a lower recovery rate (e.g., because the responsible party has left town). If the final invoice is more than the estimate – perhaps due to supplemental work not initially identified by the shop – the contractor returns to pursue the additional amount from the at-fault party.

If the responsible party has elected to report the loss to his or her carrier, the contractor supplies the carrier with any proof of damages. The carrier examines the proof submitted and extends an offer to the contractor based on its analysis of the damages and liability issues. The offer may be reduced according to the negligence laws in the state where the accident occurred, or based upon an audit of the estimates by the carrier's appraisers. The contractor will determine, with input from the State, if the offer is acceptable. If it is, the contractor advises the carrier and a check will be issued.

If the responsible party elects to pay directly or does not have insurance, the contractor will provide the individual with the proof of damages and will work directly with him or her to establish a payment plan if necessary.

13. Dispose of State vehicles that are to be salvaged via outlets that provide the maximum resale value for the State and ensure that funds are transferred to the State within 48 business hours of the sale. Vehicles should be sold within 14 days of notification from the State that the vehicle is to be salvaged.

When a vehicle is not driveable, the contractor arranges for towing to one of their network body shops. A collision management repair specialist collects all appropriate information, including details of the accident, reports and repair estimates. The contractor obtains an independent appraisal of the damage. If the vehicle cannot be repaired, the contractor requests a total loss evaluation and salvage bids so that the contractor can counsel the State accordingly. The State makes the decision as to whether or not to "total" the vehicle, and notifies the contractor when the State has accumulated vehicles to be sold and the State's investigation is completed.

The contractor operates a salvage sale at ADESA Lansing for the State when the State is ready to sell salvage vehicles. The vehicles are picked up by the contractor and stored at the auction site. The contractor obtains a salvage title based on the 75% of NADA retail book of the vehicle, which helps the contractor comply with Michigan salvage laws. Once the title is received, the vehicles are sold at the next ADESA Lansing salvage sale (which occur every month). Vehicles are sold to salvage buyers at the sale and through internet bidding on ADESA's internet auction site of LiveBlock. Once the vehicle is sold, the funds are sent to the contractor electronically and immediately credited to the State.



14. Furnish the contractor's protocol for coordinating the sale of salvage vehicles with a third party such as a vehicle leasing company.

The contractor handles the entire process of selling salvage vehicles on the State's behalf. The contractor can also coordinate with other providers of collision management services, such as insurance companies or third-party providers.

15. Furnish vehicle damage and liability insurance coverage for each vehicle under bailment for hire to a third party, such as a transporter, storage or repair facility.

The contractor agrees to the requirement listed above.

16. Assist the State as necessary with safety training for drivers.

The contractor offers two CD-ROMs with different driver safety-training programs: Types of Collisions and Principles of Safe Driving. Each CD has several different sections related to the main topic, with questions interspersed throughout the lesson. Once a driver has been through every module, he or she takes the Lesson Test, which consists of a series of questions (15 questions pulled at random from a question data bank). Once the driver has completed the test and selected *Score Quiz*, he or she can go back to the test, see which questions were answered incorrectly, and retake the test if desired.

The contractor also offers a comprehensive video training curriculum that is ideal for classroom training or self-study. The State may use this to train new drivers or as a refresher to keep experienced drivers current. The video training program includes the following courses: Safe Driving Behavior and Techniques, Paying Attention and The Ultimate Driving Challenge. Each module includes a training video, pretest and final review.

The contractor is also planning to release online safety training that includes more than 20 different training modules for drivers, which can be used in a *la carte* fashion. Each client will be able to determine through online administration which drivers will take which modules. Once assignments are made, the driver receives an e-mail with a link to the training website. The driver takes the training – each module takes 5 to 15 minutes to complete – and the progress/results are available for the fleet office to review online. Drivers receive periodic e-mail reminders until they complete the program.

The contractor can also design safety kits for the State's drivers in accordance with the State's specifications. This might include items such as road flares, a first-aid kit, a lantern, an emergency blanket, booster cables and Quick Fix Flat.

17. Provide a real-time, browser-based client interface for account-specific access via any Internet connection with the capability to sort by fields, including:

- a. Accident date, time, location, weather
- b. Type accident (e.g. intersection) and causes (e.g. following too close) of accidents.
- c. Police report number (if available) and tickets issued.
- d. Copy of accident report.
- e. Accident repair costs.
- f. Repair estimates.
- g. Other party name, address, telephone, vehicle data, and insurance company.
- h. Witnesses.
- i. Injuries.
- j. Repair status and results.
- k. Subrogation status and results.
- l. Salvage status and results.
- m. Original accident repair invoices.



- n. Original appraisals.
- o. Vehicle number.
- p. License plate number.
- q. Vehicle Identification Number (VIN)
- r. Vehicle Manufacturer, Year, Make, Mode, Body, Engine, Fuel Type
- s. Odometer and date.
- t. Driver name and address.
- u. Department agency assignment.
- v. Has an error rate of less than one percent.

FleetView offers comprehensive reporting capabilities, allowing the State to access complete collision management detail, including all of the fields listed above. The functionality of the collision management site was recently enhanced, which is now fully integrated into FleetView. Benefits of these enhancements include improved navigation and the availability of a variety of images online, such as accident reports and estimates. Images may be printed or can be saved as an image file to the user's hard drive for subsequent printing or e-mailing. Collision data is updated every five minutes, so that the State is able to view new loss reports as soon as the information is available.

## G. Commercial Fuel Card

The Fuel Management Program through the contractor will utilize and the services of Wright Express.

1. Provide a standard size plastic commercial fuel card including a magnetic strip on the reverse side to be assigned to each specific vehicle assigned to various State agencies and departments. The card format must be distinctive so that it readily identifies the cardholder as an employee of the State of Michigan and include the following information:
  - a. State of Michigan.
  - b. Phrase: For Official Use Only – Tax-Exempt – NO. A154961.
  - c. Vehicle ID and License Plate.
  - d. The vendor's toll-free help line telephone number printed on the reverse side of the card.

The contractor can accommodate all of the above information.

2. Provide fuel cards that meet the unique needs of undercover law enforcement operations. These cards are not identified as a State card and may require a separate account number with a false company name.

The contractor creates several separate accounts for undercover law enforcement operations. The contractor uses generic vendor plastic (customized neither to the State nor the contractor) and false names. The contractor can also suppress the vehicle number and all unnecessary embossing fields from these cards. The State may also designate whom the cards should be sent to if there are special distribution requirements in these cases.

3. Limitations on the number of cards per account and the number of accounts that can be provided by the contractor.

The contractor can provide an unlimited number of accounts. While the sub-contractor limits each account to 9,999 cards, the contractor's system can overcome this limitation and provide as many cards as desired per account.



4. The number of fuel facilities that meet the minimum contract requirements:

There are over 100 fuel provider brands that accept the Wright Express card, including the following:

Aloha Petroleum	Gant Oil	LaSalle Oil	Simonson
B & B	Gasamat	Merit Oil	Southwest Oil
Bell Gas	GasAmerica	Moak Petroleum	Stalker Stores
Brad Lanier Oil	Gasman	Murphy USA	Stop n Go
Bruce Henderson	Gasmart	MVP	SuperPumper
Camp Oil	Gate Petroleum	Nella Oil	Thriftway
Capital City	Global Petroleum	Pennzoil	Trejo Oil
Cashion's Foods	Giant	Petrol Mart	Tri-Par Oil
City Markets	Go Mart	Petrostop	Total
Coastal	Golden Gallon	Petro South	Town & Country
Co Go's	Growmark	Plateau	Twin Cities Stores
Countrymart	Hansen's IGA	Pride Convenience	Unimart
D/H Stores	Highway Enterprises	Prima	US Oil
Day & Night C-Stores	Johnson & Johnson	Pronto	Uselton Oil
Dees Express	Johnson's General	Pumper's Premium	Valdak Corp.
East Coast Oil	Stores	Pumpcontrol	Valero Energy
Edward's Oil	Junior Food Stores	Quality Oil	WL Taylor & Son
Enmark	Keene	Quik n EZ	Wadleigh's
EZ Serve	Kenyon	Rally Stores	Ware Oil & Supply
Farstad Oil	Keystone	RH Foster	Wareco
Faststop	Kramer Oil	Rich Oil	Wawa
FKG Oil	Kroger	Riggins	Williams Capitol
Freedom Oil	Kum N Go	Rocket Oil	Worley & Obetz
Frost Oil	Kwik Fill	Rutter's Farm Stores	Wyoming Alaska Corp
Fuel 24	Kwik Shop	Service Oil	Zach Oil
Gallop Petroleum			

A list of facility addresses is included as Attachment E. All fuel facilities that transmit data electronically (approximately 99%) provide Level III transaction data.

5. Provide transaction controls and/or limits for each cardholder in each of the following areas.

- a. Maximum transaction size.

The State may specify the maximum transaction amount for each day at either the account or card level. It should be noted that when drivers pay at the pump, the purchase is preauthorized with a fixed dollar amount, so the daily limit may be reached even if actual fuel transactions are less than that amount.

- b. Number of transactions in a period (e.g., day, week, month).

The State may specify the maximum number of transactions per day, which is set at the account level.

- c. Transaction dollar volume in a period (e.g., day, week, month).

Transaction limit is set per day at the account level Because of the preauthorizations referenced in a. above, this type of limit is not appropriate for other timeframes.

- d. Monthly credit limits.

Not applicable.

- e. Prevent cash advances.

Cash advances are not available.



f. Restrict certain product types.

The State may elect to restrict cards to fuel purchases only. A product type report is offered in FleetView that allows the State to monitor purchase types should the cards not be so restricted.

g. Restrict certain fuel providers or facilities.

This is not available due to agreements between the fuel card issuer and fuel providers.

h. Appropriate fuel type for the vehicle.

This is not available due to agreements between the fuel card issuer and fuel providers. Limiting a fuel card to specific fuel types is not practical because the preauthorization process described in a. above for pay-at-the-pump purchases takes place before selection of fuel type by the driver. The contractor offers a Premium Fuel Report that allows the State to monitor purchases by fuel type.

6. Assist the State with development, implementation, modification, or enhancement of internal rules and procedures for issuance, security and operational matters relative to the State's fuel card program.

The contractor will work with the State to review the State's current practices and discuss possible modifications. The contractor will review card administration procedures, custom card design artwork and embossing, driver user guides and inventory reports for each location. Because the contractor already has the State's data set up to reflect the State's organizational structure, fueling data and charges will also be allocated appropriately.

As part of the contractor's strong anti-fraud program, which has resulted in a low fraud rate for their Fuel Management Program, the contractor has a number of velocity controls in place to alert activity which is indicative of fraud. For example, if three or more transactions are made on the same card in a single day (regardless of the number of drivers using that card), the contractor will report the activity to the State's fleet office daily via e-mail or fax. The contractor's Fuel Management support staff carefully screen drivers calling in before providing information or authorizing transactions. The State may specify additional fleet requirements to be incorporated into its client profile for this purpose.

7. The State shall not be liable for charges incurred after verbal or written notice to the vendor to cancel a card. As part of its procedures, the State will recover credit cards whenever possible from employees upon retirement, termination or reassignment of a vehicle.

The contractor screens and edits transactions to identify activity which may indicate fraud or misuse, or an error on the part of the service station or transaction processor. For example, the contractor edits billings to identify any duplicate transactions prior to sending the billing to the State. The contractor also edits for transactions that are over six months old – even if these are valid, the State will not be billed for them. Charges made after a vehicle has been terminated will also not be charged back to the State. All disputed items are temporarily suspended (not billed to the State) until resolved, providing ample time for the resolution of any potential fraud situations. The contractor also maintains close contact with the fuel card vendor's fraud department to help resolve disputes as quickly as possible. Once a card is canceled, the State is not responsible for charges made after the day of cancellation.

8. The State shall not be liable for charges incurred by unauthorized users, purchases outside the scope of authorized purchase limits for the specific accounts or purchases processed through a merchant whose Standard Industry Classification Code (SIC Code) is not approved for participation by the State.

The State should promptly notify the contractor of any lost or stolen cards or suspicious use, and the contractor will immediately cancel those cards, with the State's liability limited to the day of cancellation. The State would be liable for charges and misuse of active cards only, but not for fraud or misuse committed by any party in the credit card transaction network.

9. The contractor's Security protocols, including mechanisms in place to prevent fraudulent use of the contractor's system by company employees and external parties include the following:

The contractor has numerous processes and controls in place to prevent fraud related to their fuel program. Access to their fuel card area is restricted to authorized employees. The contractor maintains no card inventory



and only produces cards based on specific client requests. The contractor has compartmentalized the card issuance process to create a system of checks and balances by assigning each task – card ordering, receipt and distribution – to a different group of employees. The contractor also employs security tracking that monitors all transactions by employee. To make certain that these controls encompass all fuel-related activities, fuel calls are handled by the contractor's Fuel Department, rather than the Driver Services Center that fields other driver calls.

All fuel transactions are audited via an automated reconciliation tool, which verifies that each transaction is related to an active vehicle and card, consistent with the audits that are conducted in other operations. The Fuel Department is reviewed regularly by external auditors, and payment of the contractor's monthly fuel charges is authorized outside of the Fuel Department.

10. Statistics on fraud associated with the contractor's fuel card program during the past three years:

The contractor reviews all of the daily fuel transactions and pursues potential discrepancies in an average of \$75,000 - \$125,000 in fuel transactions every month. Examples of items that are reviewed and audited include high dollar amount, high number of transactions and duplicate or stale (over six months old) transactions. The contractor identifies and then works closely with the vendors to investigate potential fraud situations.

Of the 750,000 fuel transactions that go through the contractor's program each month, one half of one percent is flagged for review because the transactions are duplicate, outdated, subsequent to card termination or high-dollar amount. Each of these are investigated, and fraud is identified in less than 1/1000<sup>th</sup> of 1% of the \$18,000,000 to \$20,000,000 in monthly fuel transactions.

11. The contractor will route Customer service assistance calls to a third party if necessary with a backup system available if the 24-hour help line is down.

Customer service is available from 8:30am – 6:00pm Eastern Time Monday through Friday. Over 96% of calls are answered within 10 seconds. After hours calls are automatically routed to the card vendor. WEXOnline<sup>®</sup>, the fuel vendor's Internet-based account maintenance tool, can also be used for account maintenance functions instead of the Customer Service Department.

The fuel vendor has the following business resumption plans in place to adjust should its 24-hour Customer Service line be adversely affected by system failure:

- Voice Response Unit (VRU) System Failure: The fuel vendor's Voice Response Unit automatically handles calls for authorizations from fueling stations. If there is a problem with the VRU at the fuel vendor's location in South Portland, Maine, the Customer Service Department staffs the call center with additional Customer Service Representatives (CSRs) to answer calls and provide verbal authorizations over the telephone.
- Power Failure at the fuel vendor's location in South Portland, Maine: In the event of a power loss, both the contractor's production data center and customer service department telephones and computers will switch to generators, allowing CSRs to provide verbal authorizations over the telephone.

12. Enrollment strategy for supplier resources:

The contractor has agreements to use the fuel vendor's networks. The contractor manages the fuel vendor relationship and card administration, and the fuel vendor maintains and manages relationships with the oil companies and individual merchants. The contractor handles the set-up for clients to provide use of the fuel vendor's card and network. The fuel vendor is responsible for enrolling new merchants, installing and upgrading their software and ensuring they comply with the terms of their contracts. In the rare instance where a particular station does not accept the fuel vendor's card, the driver/client should advise the contractor, who will work with the fuel vendor to get the merchant to accept the card.

If there are any issues with transactions or data from the stations, the contractor alerts the fuel vendor and works with the fuel vendor to have it resolved at the merchant level. If a charge should not have been made (e.g., station manually allowed a transaction for non-fuel items on a fuel-only card), the fuel vendor will charge back the station. If the station passed incorrect data (e.g., incorrect product code), the fuel vendor works with the station to make sure the software is working and installed properly.



13. Provide for prevention of further and future use (at commercial and State locations) of any individual card (card lockout) immediately with proper notification by the State.

Please refer to Questions 7 and 8 above.

14. Provide for retail fuel purchases of any alternative fuel used by the State, currently or in the future.

The contractor will continue to support any such stations in Michigan.

15. Provide a real-time, browser-based client interface for account-specific access via any Internet connection with the capability to sort by fields and the ability for an administrator to create organizational hierarchies and move cardholders around within it, including:

- a. Vehicle ID
- b. Transaction Date
- c. License Plate
- d. Transaction Time
- e. License Plate State
- f. Station Brand
- g. VIN
- h. Station Name
- i. Department
- j. Station Address
- k. Location Code
- l. Station City
- m. Driver Last Name
- n. Station State and Zip code
- o. Driver First Name
- p. Quantity purchased
- q. Per transaction limit
- r. Cost per unit
- s. Daily spending limit
- t. Total sale
- u. Daily transaction limit
- v. Taxes reduced
- w. Monthly transaction limit
- x. Internal or pay to the pump
- y. Monthly spending limit
- z. Type of product purchased
- aa. Approved SIC or merchant codes
- bb. Expiration date
- cc. Card Status
- dd. Odometer reading



The contractor establishes organizational hierarchies at the time of account set-up. The fuel management and FleetView systems are integrated, so that when there is a data change in FleetView, the fuel system is automatically updated. The contractor can currently meet all of the above requirements with the exception of monthly limits (which are not available from the card vendors), card status and internal vs. pay at the pump (this information is passed to the contractor in the transaction file from the fuel vendor, but at this time the contractor does not include it in reporting). Taxes reduced could be accessed through the fuel vendor's online system even when utilizing the contractor's Fuel Management Program.

Fuel reports are available online through FleetView and include: Fuel Card Purchases, Non-Fuel Usage, Low Fuel Usage, Premium Fuel Usage and Regional Fuel Price Comparison. These reports provide summary and detailed information about the fuel-related activity for the State's fleet.

Fuel purchase activity reports show a detailed breakdown of each purchase, including date, time and location; amount, type and per gallon cost of fuel; and odometer readings and accompanying miles per gallon and cost per mile analysis.

The contractor can also provide daily exception reporting, that delivers an alert to the State electronically when a driver has exceeded policy parameters. Exception reports can also help the State identify when multiple purchases have been made in a single day. In addition, the contractor receives data feeds every day from the fuel vendor. The Fuel Department audits and supplies the State daily-refreshed fuel data in the Inventory section of FleetView.

16. Post Level III fuel transactions to the contractor's online system within three days or less from the date of the fuel purchase.

The contractor receives a daily data feed each morning from the fuel vendor that includes transactions posted the previous day. FleetView's inventory section shows this data immediately, and reports are populated with the data that night.

17. Responsibility of payment for commercial fuel cards will rest with the State, and not the individual employee/cardholder.

The State is responsible for payment of all fuel charges, not the individual driver/cardholder. The contractor offers 5-day payment plans.

18. The contractor's protocol for compliance with new federal regulations under the Job Creation Act of 2004 as they relate to treatment of fuel excise taxes:

In 2004, Congress passed the American Jobs Creation Act (AJCA), which, if implemented, would have changed the fuel vendor's standard Tax Exemption Program for gasoline sales.

Based upon IRS guidance notice 2005 - 24, implementation of the American Jobs Creation Act as it relates to Federal Excise Taxes has been delayed. Therefore, for gasoline sales, the current tax-exempt program through the fuel vendor as outlined below will continue. This program could be provided in an identical way using the contractor's Fuel Management program utilizing the fuel vendor's card.

The fuel vendor can provide tax-exempt fuel billing services to federal, state and local governments as well as other tax-exempt entities. The fuel vendor processes tax exemption billing and reporting at the transaction level for qualified fleets on behalf of the fuel merchants that participate in the fuel vendor's tax-exempt program. This program supports tax exemption on applicable motor fuel transactions. Non-fuel transactions are not billed net of tax.

Tax-exempt fuel transactions conducted at merchants participating in the fuel vendor's tax-exempt program are "ticketed" at the point-of-sale as taxed sales. Applicable tax calculations are then completed at the fuel vendor on all fuel transactions, both electronic and manual, occurring at fuel locations that participate in the fuel vendor's tax-exempt program. Transactions with applicable exempted taxes are then billed to tax-exempt fleets net of tax. All other transactions are reported and billed to tax-exempt fleets inclusive of taxes.



For fueling transactions with those fuel marketers who do not participate in the fuel vendor's tax-exempt program, but for which the fleet is eligible to receive tax exemption, the fuel vendor reports applicable taxes as "showtax." "Showtax" transactions clearly list any transactions and tax amounts, which the fuel vendor does not exempt so the fleet can file for exemption directly.

Reporting would be available that shows:

- Exempted tax, by transaction
- Reported tax, by transaction
- Summary of tax types by product for both exempted and reported transactions.

In the event that the American Jobs Creation Act is fully implemented before any legislative changes are made, the contractor and fuel vendor would provide the following solution to the State of Michigan to support a process to take advantage of the tax exemption and provide the necessary reporting.

For those merchants who choose not to offer the exemption for gasoline excise taxes, the fuel vendor would provide the contractor with the necessary reporting to support the State of Michigan's ability to claim the refund from IRS. The contractor would take the tax reporting information from the fuel vendor and provide it to the State. The contractor would work with the State to complete the application to IRS for the refund of the federal excise tax on gasoline. It would no longer be possible to bill these transactions net of the tax, but the reporting would allow collection of the funds subsequent to filing the necessary documents.

The tax exemption regulations for diesel fuel purchases have different requirements than gasoline purchases regarding who is eligible to exempt the taxes. For diesel fuel, there is a requirement that the entity exempting the taxes must take risk, i.e., own the fuel, and therefore commercial card vendors cannot exempt diesel fuel taxes. .

19. Transition to a fuel card program with cards delivered to the State locations within 30 days after the contract is awarded.
  - a. Deliver initial cards directly to State locations. The state will provide a list of vehicles that includes a code identifying the location each vehicle is assigned. A file that provides the address and location contact for each location code will be provided. There are approximately 1,000 locations. A listing of the cards enclosed and the vehicles that the cards are assigned to must be included with each group of cards shipped.
  - b. Provide a compact list of participating stations or brands be provided to all new recipients during implementation and future additions.

The contractor anticipates roll-out of their Fuel Management Program for the State to take only a few weeks. Nine out of ten fueling locations accept the fuel vendor's card.

## H. RESERVED

### I. Customer Service Delivery

1. The contractor will ensure that liaison functions and efforts are incorporated into the daily operations of the State.
 

The contractor has set up a servicing profile for the State to guide the delivery of each of the services the contractor provides, from authorization levels and rental car policies to subrogation procedures and VTS contacts by subject matter. Recognizing the State's geographic needs, the contractor has vendor networks that include many shops in remote areas of northern Michigan.

The contractor has set up the State's data so that the billing and reporting reflects the State's organizational structure, which allows for integration of data between the contractor and the State. There are processes in place to ensure that the State's tax exempt status is reflected in all services the contractor obtains on the State's behalf. The contractor has established working relationships with many local state vendors for exempting state purchases. The contractor's Account Executives, Account Managers, and leaders of each operational area are fully acquainted with the State's needs and operating preferences.



2. Individuals responsible for the day to day delivery of services and any subordinate key contacts:

The key contacts for the day-to-day support provided to the State are identified below. All individuals are based at the contractor’s corporate headquarters in Des Plaines, Illinois, but visit the State as often as required to deliver the support the State needs.

**Account Executives Frank Kucera and Tom Halpin:** Their responsibilities include serving as the State’s single point of contact for daily transactions and inquiries, identifying potential problems and issues before they occur, monitoring vehicle order status and the delivery process and preparing vehicle quotations and order templates.

**Account Manager Herb Wamboldt:** As the State’s Account Manager, Herb provides guidance and analytical support to help the State achieve cost saving and efficiency goals. Herb is responsible for providing reporting to support the State’s needs, consulting regularly regarding best practices for the fleet program, establishing and refining the State’s Performance Index to measure and report fleet program progress and success, taking the lead and responsibility for resolution of all major issues, and identifying cost reduction opportunities and present recommendations and solutions.

**Truck Engineering Manager Dave Decker:** Dave addresses the State’s truck requirements. As the Manager of the contractor’s Truck Engineering Department, Dave oversees the day-to-day operations of the department. He helps their engineering team define the work to be performed and develop specifications to retrofit and/or build custom vehicles to meet client needs. Dave also monitors all internal processes related to truck/body equipment ordering, pricing and vendor management to ensure the quality of all services.

**Executive Advocate Scott Pattullo:** Scott takes an active role in planning with the State and serves as the State’s advocate throughout the contractor’s organization, ensuring that quality service and that the State’s fleet goals are met.

The contractor’s president, Jim Frank is also closely involved in the contractor’s relationship with the State with ongoing support of the State’s fleet.

3. The contractor will provide training for up to six State employees from various areas of services on contractor processes, information systems, and other pertinent requirements for effective communication between the contractor and State personnel. If travel is required, the expenses for transportation and lodging shall be the responsibility of the contractor and meals and incidentals shall be the responsibility of the State.

The contractor will provide State personnel with whatever training is required. This includes FleetView training for VTS employees and agency contacts, annual briefing sessions with agency fleet contacts regarding new models and selector choices, workshops to select the right vehicle for the job, and workshops to develop reporting for VTS personnel. The contractor will provide refresher training for VTS and State agencies regarding leveraging the contractor’s technology to take full advantage of the broad data access FleetView provides. The contractor will work with the fleet contacts to develop agency-specific reporting packages and show them how reports can be used to manage things such as maintenance and monitor the associated costs. The contractor also recommends individual quarterly reviews with VTS and major State agencies to review key performance metrics, track progress on each agency’s action plans and develop future fleet strategies.

4. The contractor’s measurement standards for the performance of the contractor’s subcontractors and agents:

The contractor uses measurement standards to monitor their operations – encompassing the tasks that are performed internally and those handled by outside vendors. The metrics that are tracked include:

**Acquisitions**

- Out-of-stock, Client Pool and the contractor’s pool percentage of total vehicles ordered
- % of deliveries within 10 miles of driver
- Average order cycle time
- Total order Volume Processed
- Date client was able to order all needed vehicles

**Maintenance Management**

- Average warranty \$ recovered/vehicle annually
- Average MAP Advantage savings
- % and \$ warranty claims pursued versus recovered
- Roadside assistance, average arrival time
- Average speed to answer
- Network provider coverage - % of vehicles within 5 and 10 miles of a network shop
- Number of vendors in MAP network
- Client satisfaction with MAP
- Knowledge of the person to whom driver spoke with regarding maintenance call
- Responsiveness of the person to whom driver spoke with regarding maintenance
- Driver satisfaction with the availability of maintenance shops in the contractor's network
- Driver satisfaction with the service received from the repair shop
- Driver satisfaction with service from shop
- Overall driver satisfaction with MAP

**Fuel Management**

- # of annual calls/active fuel card
- # of fueling merchants
- Card frequency usage
- Driver's overall satisfaction with fuel service
- # cards cancelled

**Collision Management**

- Subrogation %
- % claims of total # of claims on which the contractor seeks subrogation
- Total repair costs per incident
- % repairs able to be done in network shops
- % of repairs completed in one week per \$1000 of repair
- Average days downtime
- % of repair specialists either ASE or I-CAR certified
- Person taking call was knowledgeable
- Person taking call was responsive
- Person managing repair was knowledgeable
- Person managing repair was responsive
- Driver satisfaction with availability of network collision shops
- Driver satisfaction with service from collision shop
- Overall driver satisfaction with collision service
- % incidents by \$1000 level of damage
- % of estimates reviewed and repairs authorized within 24 hours
- % of independent appraisals completed within 72 hours

**Remarketing**

- Average % AMR for all remarketed vehicles by channel
- Average % AMR by auction
- Average % AMR for cars and trucks
- Average days to sell
- % of vehicles sold by channel
- # of vehicles remarketed yearly



### Account Management/Customer Service

- Account Manager helps identify and achieve strategic goals related to fleet
- Account Manager makes educated fleet recommendations
- Account Manager delivers agreed upon reports on time
- Account Manager provides valuable analytics to help the client manage their fleet
- Fleet manager's satisfaction in ability to meet expectations over the past three months
- Fleet manager's satisfaction with Account Executive's promptness in delivering results
- Satisfaction with Account Executive team's ability to deliver the results or information needed
- Actual ability to reach Account Executive's and/or client team by telephone

### Driver Support

- Abandon rate
- Average speed to answer
- # driver calls/1000 vehicles
- Handles driver calls promptly and correctly
- Service level - % of calls answered within 30 seconds
- Promptness of call being answered
- Knowledge/resourcefulness of person handling call
- Accuracy of information provided

## J. RECORD KEEPING, DATA MANAGEMENT AND MANAGEMENT REPORTING

1. Conform to the following data backup procedures:
  - a. All data must be adequately and systematically backed up.
  - b. Records of what is backed up and to where must be maintained.
  - c. At least three generations of backup data must be retained at any one time.
  - d. The backup media must be precisely labeled and accurate records must be maintained of backups done and to which backup set they belong.
  - e. Copies of the back-up media, together with the back-up record, should be stored safely in a remote location, at a sufficient distance away to escape any damage from a disaster at the contractor's facility.
  - f. Regular tests of restoring data/software from the backup copies should be undertaken to ensure that they can be relied upon for use in an emergency.

The contractor maintains data back-up procedures because of the critical nature of this information. The contractor's data is continually duplicated and can be restored quickly in the event of an outage. The contractor's entire database is backed up every day and sent off-site for storage, along with the catalogs of the information. The contractor conducts tape restores once a month for testing and performs a yearly backup of catalogs that is saved for seven years off-site. The contractor also does a full tape restore drill once a year at their disaster recovery site.

2. The contractor is to provide precautions for the continuity of service that are planned to maintain maximum uptime.

During 2004, the contractor maintained system uptime of 99.875%. Their Business Resumption Plan can immediately become functional if there is any disruption at the contractor's physical location or in any of their computer systems. The contractor has an on-site power generator to ensure that electricity is flowing to all key systems. The contractor's plan addresses recovery of data processing and critical department functions. Their data is stored on their network on hard drives that are backed up daily by Veritas backup systems. The backups are done to Exabyte tapes, which are then sent to an off-site storage vendor. If there is a need to recover any data, the off-site storage vendor is available for tape retrieval 24/7. The guaranteed response time is two hours, although typically response times are much shorter.



The contractor also ensures uninterrupted service for the State's drivers. The contractor's Driver Services Center is supported by three separate locations that are linked to provide transparent service to callers. These three centers ensure that in the event of a disaster or other emergency, driver assistance is provided without disruption.

3. Provide a system with full-featured defined and ad hoc query report capability on demand accessible via the Internet in a graphical user interface including:
  - a. Predefined, professionally formatted reports of common management interest data with selection and sorting functionality available through pull-down menu choices
  - b. Reports should include professionally formatted graphics where possible to make patterns and trends more readily apparent
  - c. Custom report writing services upon request in addition to the contractor's predefined report list
  - d. Ad hoc query tools permitting the extraction of all data elements via a graphical user interface. Data to be viewable on line and downloadable on demand in Excel and delimited text formats. Query tool may take form of access via leading specialty software (e.g., Crystal Reports) provided that the software, licenses, training, and support necessary to implement it within the State are furnished by the bidder.
  - e. Provision of entity relationship diagrams, database dictionary, and other tools useful in extracting data.
  - f. Reporting tools and means shall not provide the opportunity for State personnel to alter any online data.

The contractor offers over 50 standard reports through FleetView, each of which can be easily customized by selecting the data fields desired. The State's FleetView Reports section contains a listing of all available reports: standard reports that are used by most clients and customized reports that have been developed specifically for the State. By clicking on the report title desired, the report is built from current, real-time data. Simple mouse clicks on data fields can create a custom query for extraction into an Excel file for further analysis. Through FleetView's distributed access, the State may designate which employees have access to the system, and access may be limited to view-only as desired, so certain individuals are unable to alter any online data.

The contractor has the capability to create custom reports for clients and send them to the State's FleetView inbox. The contractor's Data Analysis and Reporting Team works closely with the Account Manager to create any additional reports the State needs. Once designed, these reports can be run and sent to the State's FleetView inbox on a regular basis. The contractor provides customized reporting needs, at no cost to the State. The following are samples of some of the reports the contractor has prepared at the State's request since the last model year.

- a. MAP Quarterly PO Access CD
- b. MAP Billed POs
- c. Services Billings 9/03-8/04
- d. MBG06(Davis Pontiac) MGB10(Novi Motive)Category Amounts
- e. Maintenance by Category - Adding Structure
- f. Report on Silverado's, maint. codes 109 & 132
- g. 2004 Chevy Colorado & Express Tires
- h. MAP by Category Detail
- i. PO Detail - Select MI Cities
- j. MAP by Category Req Vendors/City
- k. Vehicle Sales By Auction
- l. Maintenance File
- m. PO Detail for Vehicle # TE324 from MAP Archives
- n. Collision Data 03/04 -03/29

The contractor works with the State to develop new reports as additional needs are identified. The State will be participating as a beta tester in an upcoming release of several new rental tracking reports. By designing reports that can be run regularly, the contractor can assist the State's internal analysts in obtaining the data needed. The more information shared regarding the State's data needs and analytical goals, the better the contractor will be able to leverage their vast system capabilities to ease those processes for the State.



4. Perform system upgrades at no additional cost to the State.

Major enhancements to FleetView are released every quarter, and minor adjustments are made between those upgrades as appropriate. The contractor employs a Quality Assurance methodology called Wheels DE. This iterative development process is used to procure, document, review and develop the contractor's applications. The contractor's web products require the same quality review and testing as all other applications. Release planning is part of this process, and specific milestones are tracked to be sure both timeframes and requirements are being met.

There are no costs to the State for ongoing improvements to FleetView.

5. Provide reasonable security precautions including passwords, encryption and restricted access to information.

The contractor has implemented a comprehensive layered security model that addresses application, data, network and physical security as it relates to delivering safe and private information over the web. Additionally, the contractor has implemented monitoring to detect attacks of a malicious nature before any action is taken that would compromise their systems/data.

A high-level view of the various security layers includes:

#### **Web Application Security**

When the user requests the login page, a secure connection is established using 128-bit encryption. At this point, the user can securely enter his or her login ID and password enabling all subsequent communications to be encrypted. The digital identity of the user is then confirmed and the systems keep track of the login ID, allowing the user to access only authorized information and capabilities.

#### **Data Security**

Access to the data is dependent on a successful login and the privileges that have been assigned to that login ID. The assignment of data privileges ensures that each login ID can only view data that has been assigned to that login ID.

#### **Network Security**

Perimeter security is provided by means of "hardened" firewalls which inspect requests to determine if they should be allowed or denied. In effect, firewalls are a single point of network access where traffic is analyzed and controlled, cloaking the true identity of the server that a request is routed to. These requests are then processed by the server on behalf of the requester. The server then requests the data from a physically separate database server. The database server will fulfill the request if and only if the user is authorized to access the data requested; otherwise, database security rejects the request.

Along with the firewalls, an Intrusion Detection Sensor (IDS) provides an early warning to suspicious activity. A dedicated security team supports the contractor's Enterprise Security 24x7x365.

#### **Physical Security and Redundancy**

Facilities include battery backup support and an onsite generator that will power the complete facility. Internet access is provided by two carriers that provide load balancing and fail over.

6. Samples of all applicable reports and statements for each section of the contract can be referenced in Appendix F.

### **K. Billing and Payment**

1. Pay all vendors and suppliers in a timely manner consistent with the generally accepted payment standards of the industries in which they work.



The contractor's automated payment systems ensure timely payment to all their vendors, which facilitates prompt, quality service for the State and its drivers. For example, when a maintenance vendor calls to obtain authorization to perform repairs on a fleet vehicle, the MAP advisor provides a Purchase Order number and an authorization to perform work up to a certain dollar amount. After the work is completed, the shop calls the contractor's automated phone system and inputs the PO number and the final billing amount. If that amount is within the authorized amount, the phone system provides a credit card number to the vendor, who then processes the charge like any other credit card payment. This has proven to be a popular payment method for independent repair vendors to obtain payment. For payments via check, processing is handled internally and checks are processed daily.

2. Provide processes for detecting and to correcting billing errors and resolving billing disputes. The State requires that all errors be corrected prior to the next billing period.

Prior to the start of the billing cycle, the file is balanced to the general ledger depreciation file. After billing is complete, all components are balanced to the Accounts Receivable system. Billing would stop if an exception were noted. Invoices are inspected any time significant changes in format are implemented. Due to these built-in safeguards in the billing system, the error rate on invoices is less than 0.01%.

The contractor audits each factory invoice to ensure that it reflects the price effective on the date of the vehicle order. If an invoice is received that does not include accurate pricing, the order is rejected and the matter is investigated by the contractor. The contractor also suspends non-dollar issues, such as an improper diversion point. This process saves the State from being overcharged or from incorrect deliveries. This suspense "bucket" helps the contractor ensure that a vehicle does not sit in suspense without being monitored and accounted for, through exception reporting for resolution purposes. The audit process is similar for vehicle operating expenses, including maintenance, accident repairs, licensing fees, etc.

The contractor protects system integrity through quality assurance procedures and controls in their Information Technology department. Their Finance department also tests system integrity prior to implementation of changes to the billing system and/or related reporting media. Any exceptions are resolved prior to the affected billing period. Additionally, a large accounting firm is retained to annually perform a mechanized review of the billing system, including recalculation and parameter checks. This review is in addition to quarterly and annual external auditing procedures. Data is kept accurate by auditing new account information and reviewing tax changes throughout the month. All discrepancies are resolved prior to billing.

3. Submit monthly billings with the specified detail to the State. Specific billing cycle dates must be authorized by the State.

The contractor provides detailed monthly billing to the State via EDI, and has incorporated agency detail into the billing structure. The contractor can also include additional project codes as provided by VTS to simplify the State's accounting.

4. Accept payment through the use of electronic funds transfer (EFT) upon the request of the State. Payments may be made directly to the contractor or to a bank account established to receive payments from the State.

The contractor currently accepts payment from the State via ACH, so no adjustment to current practices would be required.

#### **L. CONTRACT MANAGEMENT AND PERFORMANCE CONTROL**

1. Conduct an annual review of VTS' goals and objectives and provide input regarding the contractor's contributions to meeting those objectives.

The contractor can provide an annual review for VTS, but suggests formal quarterly reviews as well. The basis for these reviews will be an action plan that the contractor develops in cooperation with the State, documenting the State's major fleet objectives and plans to meet them. The contractor will continually measure progress toward these goals, present updates at the quarterly reviews, and make adjustments to priorities and steps to be taken as appropriate. Topics covered will include a review of spending, cost-saving opportunities, selector considerations (ensuring the right vehicle for each job), vehicle maintenance and downtime, safety and accident practices, environmental objectives and opportunities and remarketing performance and opportunities.



2. Employ best practices that are meaningful, appropriate and consistent with the State's requirements. Best practices should include a cost/risk/benefit analysis.

The contractor will undertake a fresh assessment of the State's fleet needs and costs/risks/benefits by agency and suggest improvement opportunities for each to consider. Topics covered might include refined, application-specific maintenance practices; vendor network for state police to ensure driver safety, vehicle uptime and cost efficiency; right vehicle, lifecycle, and maintenance practices for DNR to minimize cost and driver inconvenience given off road driving conditions in often remote locations; right lifecycle and maintenance compliance for FIA given high-risk to the public and caseworkers and critical dependence on vehicle reliability in responding to case calls. The contractor also sees additional opportunities for the remarketing of specialty vehicles such as police cars, older vehicles and alternative fuel vehicles.

3. Design a performance report that encompasses all key requirements of the contractor's service, including but not limited to the specific key requirements defined in this contract. Review the proposed report with the contract administrator, secure agreement on final format, and complete a quarterly report for review and discussion.

The contractor and VTS will assess the contractor's performance and the quality of the contractor's service regularly. The contractor and the State will meet in an annual Executive Review and assess overall performance and satisfaction with the State's fleet and the contractor's service, and the contractor will supplement that with quarterly reviews with VTS. During those reviews, the State and the contractor will evaluate the contractor's service using a variety of metrics and tools.

The contractor has designed a Performance Index for the State that measures those areas of greatest importance to the State. Because there are hundreds of metrics related to fleet, to extract meaningful data on which to base business decisions, it is critical to identify key measurements to focus on. Since needs and priorities change, the Performance Index remains a fluid document that can be adjusted at any time.

Measurements that may be incorporated into the Performance Index include:

- Net Depreciation \$ per Month
- % of Net Depreciation
- Fall Replacement %
- Fall/Spring Replacement %
- AMR %
- Driver Sale %
- Days to Sell
- % of Undamaged Vehicles
- Days to Pay
- % of Non-Fuel Purchases
- % of Premium Fuel
- % of Fleet Purchasing (< or >) \$xx in Fuel
- Fuel Card Utilization
- % of Subrogation Claims Recovered
- Accident Rate per Claim
- % of Avoidable Accidents
- Policy Adjustment/Post Warranty Success Rate
- MAP Advantage Savings
- % of Vehicles within PM Interval
- Maintenance & Tire Cents per Mile
- Average Monthly Maintenance Cost
- Active Vehicles with no POs Issued
- MAP Out of Network %
- % of Out of Network Assessed a Fee
- Total Number of PO's Issued
- System Availability
- AE Call Resolution Time (Days)
- Number of Days to Order
- No. of Days from Rec'd at Dealer to Delivered
- Number of Days Assigned to Delivered
- Number of Days from Order to Delivery
- % Out of Stock or % of Factory Direct
- Stock Acquisition Time (Days)
- Automated Renewal %
- Manual Renewal %
- Average Speed of Answer
- Call Center Service Level
- Number of Calls Received
- Delivery Survey (% of Responses >=4)
- % of Deliveries Under Two Hours
- % of Personal Mileage Reporting

4. Advise the State of any changes of subcontractors that you have identified in this contract. The contractor will advise the State should there be any change in subcontractors identified in this contract.



**M. CONTRACT INITIATION AND TERMINATION**

1. Key steps of the contractor’s project plan to implement the services that have been proposed:

Because the contractor is already providing leasing and fleet management services to the State, neither time nor resources need be expended on implementation activities. The contractor has already established vendor networks, servicing profiles, operating procedures, contact names, billing set-up, customized reports, vehicle templates and many other factors necessary for smooth service delivery to the State.

Rolling out the fuel program will be a very simple process requiring no time investment on the State’s part other than reviewing the State’s previous fuel management profile with the contractor’s Account Transition team so any adjustments can be made as appropriate. Service roll-out will take only two to three weeks.

Extension of the State/contractor relationship not only means continued smooth operations and no transition costs, it also allows the State to avoid the many operational issues associated with a transition and focus instead on more significant, value-add issues such as working with the agencies to minimize downtime and maintenance costs and developing and implementing new cost-saving initiatives.

2. Provide a detailed project implementation work plan within 10 days of receiving notice of contract award. Include a breakdown of tasks and activities required in each phase of the project, the resources required and projected completion dates for each phase in the contractor’s work plan.

As noted above, implementation activities will not be required with the contractor. The roll-out of the Fuel Management Program will require little involvement on the State’s part and can be accomplished in a matter of weeks. This continuity of service will allow the contractor and the State to focus efforts and resources on more strategic matters such as cost containment and reducing downtime. The contractor recommends a high-level planning session as soon as possible to generate fleet plans for the coming year.

3. Notify the State in writing when personnel assigned to the project as identified in various components of this contract are changed.

The contractor will provide the State with written notification should any of the personnel assigned to the State’s account be changed.

4. The State reserves the right to request changes in staff assigned when services are not being properly performed.

Should the State be dissatisfied with the performance of any member of the contractor’s team, the State is encouraged to inform the contractor who will work closely with the State to address any concerns and reassign staff as appropriate to ensure the delivery of superior service to the State.

5. Provide all data to the State in the format defined under Section K within 14 days of the termination of the contract.

Were the State to select another vendor, the contractor would provide support to minimize the burden associated with transition. Summarized in the table below is the assistance the contractor would offer, including the provision of the State’s data.

Transition Task	Comments
Termination of Services Notification	<ul style="list-style-type: none"> <li>• Advise the contractor, in writing, of termination of service(s) - Requires 30 days notice</li> </ul>
Complete financial analysis on the viability of lease buyout	<ul style="list-style-type: none"> <li>• Utilize the contractor’s inventory data to complete</li> </ul>
Maintenance Assistance Program	<ul style="list-style-type: none"> <li>• State must collect existing MAP passports from current vehicles to minimize confusion with the new program</li> <li>• Format existing maintenance data from the contractor’s system to import into new system to facilitate ongoing maintenance/repair decisions</li> <li>• Plan for maintenance billing from the contractor to continue for</li> </ul>



	<p>approximately 120 days (occasionally takes that long for vendors to send invoice for services)</p> <ul style="list-style-type: none"> <li>• Verify network locations in new provider's network – communicate shops currently used that are no longer viable with new vendor</li> <li>• Train state employees on how to use new program</li> </ul>
Fuel Program	<ul style="list-style-type: none"> <li>• State must collect and destroy/return existing fuel cards per current vendor's requirements</li> <li>• Format existing fuel purchase data from current vendor system to import into new system to facilitate ongoing fuel purchase monitoring</li> <li>• Plan for fuel billing from existing vendor to continue for some period as invoices are sent from current stations</li> <li>• Verify network fuel stations in new provider's network – communicate locations currently used that are no longer viable with new vendor</li> <li>• Train state employees on how to use new program</li> </ul>
Determine roles and responsibilities for The contractor and new provider throughout transition	<ul style="list-style-type: none"> <li>• If a buyout is not planned, inform drivers that the contractor will continue to handle registration, violations &amp; remarketing for existing fleet; new provider will be responsible for registration, violations &amp; remarketing on vehicles acquired after transition to new provider</li> <li>• Establish process and communication channels for notifying the contractor of the location and timing of vehicles to be replaced and ready for sale</li> <li>• Establish data change procedure to keep data in sync between the contractor and new vendor until transition is completed</li> <li>• Notify the contractor of contact names and phone numbers of new vendor to allow the contractor to direct State employees to appropriate resource for issue resolution</li> </ul>
Alter State documentation with new contact names and phone numbers	<ul style="list-style-type: none"> <li>• Identify all contractor references in State fleet documentation and edit to reflect new vendor information where appropriate</li> </ul>
Create transition billing audit process	<ul style="list-style-type: none"> <li>• Create audit process to manage billing during the transition from the contractor to the new provider; requires building new audit process for new vendor and altering the contractor's audit to take into consideration phase-out terms</li> </ul>
Inventory audit	<ul style="list-style-type: none"> <li>• Run full schedule of inventory, transaction and status reports prior to transition to establish baseline for new vendor</li> <li>• Create inventory audit to specify vehicles currently on billing with the contractor; plan for replacement under new vendor</li> <li>• Establish data required to transfer to new vendor including inventory, maintenance history, fuel history, accident history, and transactions in process</li> </ul>
System Training	<ul style="list-style-type: none"> <li>• Schedule training for new vendor's systems and processes</li> </ul>

**1.102 OUT OF SCOPE**

Reserved.

**1.103 TECHNICAL ENVIRONMENT**

Please refer to Article 1.101 In Scope, Steps 1 and 2 for Technical environment information.

**1.104 WORK AND DELIVERABLE**

Contractor shall provide Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:



The Contractor is expected to deliver all requirements is Article 1.101 In Scope and Article 1.6 Compensation and Payment Steps 1, 2, and 3. All answers to requirements and questions are made part of the contract and the successful bidder will be held to the answers as part of the contract performance standards. Requirements must be met in the manner described in the bidder's response to the specific questions in this document or as otherwise approved by the State.

Work Products shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State. If by operation of law any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon creation thereof, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights. The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.

Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies (collectively, the "Development Tools") created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to exercise its rights in the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein.

## 1.2 Roles and Responsibilities

### 1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

The State reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State.

The State and the Contractor agree that the following personnel are Key Personnel for purposes of this Contract:

**Name:** [Scott Pattullo – Senior Vice President - Sales, Marketing & Account Management](#)

The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.

The Contractor shall not remove or reassign, without the State's prior written approval any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the State may be considered by the State to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment.

### 1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

[State of Michigan Project Manager for Fleet Management Services - Rose Wilson](#)



### **1.203 OTHER ROLES AND RESPONSIBILITIES**

Reserved.

## **1.3 Project Plan**

### **1.301 PROJECT PLAN MANAGEMENT**

Please refer to Article 1.101 In Scope letter M. CONTRACT INITIATION AND TERMINATION for project management requirements.

### **1.302 REPORTS**

Please refer to Article 1.10 In Scope, letter J. RECORD KEEPING, DATA MANAGEMENT AND MANAGEMENT REPORTING for reporting requirements.

## **1.4 Project Management**

### **1.401 ISSUE MANAGEMENT**

Issues will be discussed and resolved through regular meetings. Any other issues not discussed at these meetings need to be submitted in writing to the State of Michigan Project Manager.

### **1.402 RISK MANAGEMENT**

The contractor continually monitors their processes and the performance of their vendors to identify potential risks that may impact their ability to meet the State's needs. Because of the scope of the services they provide, this encompasses a broad range of activities.

To identify risks, the contractor continuously monitors all aspects of their services, from tracking order progress through direct links to the manufacturers to taking note of severe weather conditions and their potential impact on drivers and availability of emergency services.

Based on this awareness of potential risks, the contractor has developed a number of strategies to address these situations. Because the contractor has generally already defined the processes for their response, prioritization is typically not required, which means the contractor can immediately implement the appropriate response to each situation.

For example, the contractor monitors order status throughout the production process, recognizing that manufacturer delays, if not noted and acted upon in a timely manner, can significantly delay vehicle availability, which affects driver productivity and can negatively impact resale performance. By proactively monitoring status and using alternate vehicle sources if necessary (e.g., rentals, pool vehicles), the contractor can avoid costly out-of-stock purchases but get driver into vehicles in the appropriate timeframe.

### **1.403 CHANGE MANAGEMENT**

Any proposed changes to this contract must receive the State's Project Manager's written approval and submitted and issued through the DMB change notice process.

## **1.5 Acceptance**

### **1.501 CRITERIA**

Reserved.

### **1.502 FINAL ACCEPTANCE**

Reserved.



**1.6 Compensation and Payment**

**A) VEHICLE SELECTION AND ACQUISITION**

1. The State requires that the maximum amount paid for a vehicle, including options, is the dealer invoice less all available fleet incentives and discounts. When multiple or alternative discounts are available, the State requires the lowest possible cost to the State be used. Dealer invoice is the factory invoice to a dealer. Advertising, flooring/financing, fleet incentives, and government assistance must be subtracted from the dealer invoice to determine the Base Purchase Price of a vehicle.
2. Specify all additions or subtractions from the Base Purchase Price. Any amount not included is assumed to be included in the dealer invoice. For all items added or subtracted from the Base Purchase Price, indicate if it is a percentage or dollar amount from the Base Purchase Price. The Base Purchase Price and the listed additions or subtractions will become the Capitalized Vehicle Cost.
3. Provide a sample Capitalized Vehicle Cost for a 2005 Ford Taurus P53 FFV with no options. The sample should reflect line items for all additions and deductions from the dealer invoice and should reflect the lowest possible cost to the State, including government bid assistance and the appropriate fleet incentives.
4. The State will not accept a minimum lease term of more than 12 months. Indicate the minimum term. Indicate if there is a penalty for terminating the lease prior to the minimum term. If there is a charge, describe how it is calculated.
5. Describe how your pricing varies for vehicles acquired from your pool, a bailment or dealer stock and show all additions and subtractions from the dealer invoice.
6. The State reserves the right to acquire additional vehicles through alternative methods such as used vehicles to meet seasonal needs. Indicate any fees or charges associated per vehicle for handling these transactions. Any amount not listed will be assumed to be included as part of this offering.
7. List the monthly management fee stated in terms of a flat rate for new and other-than-new vehicles. This fee represents all services provided for vehicle selection and acquisition, vehicle licensing and titling, and vehicle replacement as well as data management services such as uploads of transactional data in ASCII format from an internal fleet management information system or data resulting from unbundled products and/or services procured by the State as well as other data management and invoice system requirements described in Step 2.
8. Indicate how the effective billing date for each new vehicle is determined. The State will not accept billing in advance.

**B) VEHICLE FINANCING**

1. The Base Interest Rate must be fixed for the life of each new vehicle that is leased and indexed to U.S. Treasury Bill rates in effect on the date that each vehicle is delivered. For each of the lease terms listed below by vehicle class, indicate the number of basis points above or below the interest rate index that will be used to calculate the interest rate for each vehicle. The State will pay a specified percentage of the Capitalized Cost of each vehicle every month to reduce the book value of the lease
2. This interest rate will be charged against the average annual book value calculated as follows: Interest is a step-down 12 months levelized formula as indicated below using a 2 percent monthly book depreciation rate and 5 percent interest rate.

Holding Period	Total Months	Book Value Formula	Interest Factor <sup>(1)</sup>
Year 1	12	Book Value=1-(((1-1)+(12-1))/2) * 2% = .89	0.3708%
Year 2	24	Book Value=1-(((13-1)+(24-1))/2) * 2% = .65	0.2708%
Year 3	36	Book Value=1-(((25-1)+(36-1))/2) * 2% = .41	0.1708%
Year 4	48	Book Value=1-(((37-1)+(48-1))/2)* 2% = .17	0.0708%
Year 5	50	Book Value=1-(((49-1)+(50-1))/2) * 2% = .03	0.0125%

(1) Interest Factor = Book Value x Interest / 12 months



Table is for illustrative purposes only. Submit data in Appendix C.

New Vehicle Basis Points over Index				
Lease Term	Passenger Car	Light Truck	Heavy Truck	Tractor Truck
36 Months				
50 Months				
60 Months				
72 Months				
84 Months				

- 3. The Base Interest Rate must be fixed for the life of each other than new vehicle that is leased and indexed to U.S. Treasury Bill rates in effect on the date that each other-than-new vehicle delivered. For each of the lease terms listed below by vehicle class, indicate the number of basis points above or below the interest rate index that will be used to calculate the interest rate for each vehicle. The State will pay a specified percentage of the Capitalized Cost of each vehicle every month to reduce the book value of the lease.
- 4. This interest rate will be charged against the average annual book value calculated as follows: Interest is a step-down 12 months levelized formula as indicated below using a 2 percent monthly book depreciation rate and 5 percent interest rate.

Holding Period	Total Months	Book Value Formula	Interest Factor <sup>(1)</sup>
Year 1	12	Book Value=1-(((1-1)+(12-1))/2) * 2% = .89	0.3708%
Year 2	24	Book Value=1-(((13-1)+(24-1))/2) * 2% = .65	0.2708%
Year 3	36	Book Value=1-(((25-1)+(36-1))/2) * 2% = .41	0.1708%
Year 4	48	Book Value=1-(((37-1)+(48-1))/2) * 2% = .17	0.0708%
Year 5	50	Book Value=1-(((49-1)+(50-1))/2) * 2% = .03	0.0125%

(1) Interest Factor = Book Value x Interest / 12 months

Table is for illustrative purposes only. Submit data in Appendix C.

Other Than New Vehicle Basis Points over Index				
Lease Term	Passenger Car	Light Truck	Heavy Truck	Tractor Truck
36 Months				
50 Months				
60 Months				
72 Months				
84 Months				

- 5. For the buyout of any vehicles currently on lease, the Base Interest Rate must be fixed for the remaining life of the vehicles and indexed to U.S. Treasury Bill rates in effect on the date of the buyout. The interest rate will be based on the declining step-down payment schedule as provided above for new and used vehicles.

The buyout of current vehicles leased is estimated to be \$47,500,000. **The actual payoff period in the event of a buyout will be based on the existing remaining life of each individual vehicle lease.** The current payoff stream is approximated as follows:



Period	Current Payment Stream
6/1/05 to 9/30/05	25.6%
10/1/05 – 9/30/06	35.5%
10/1/06 – 9/30/07	21.6%
10/1/07 – 9/30/08	10.1%
10/1/08 – 9/30/09	5.0%
10/1/09 – 9/30/10	1.7%
10/1/10 – 9/30/11	0.5%
	<b>100.00%</b>

The state desires a single interest rate for all vehicles involved in the buyout, regardless of the number of months remaining in their existing life.

**C) VEHICLE REMARKETING**

1. Indicate management fees associated with the remarketing of vehicles. Describe the amount and the method of calculation.
2. Provide all other costs to the State that are associated with the remarketing of its vehicles.
3. List the percentage of resale value as a percentage of AMR Clean Zone 1 adjusted for miles that you will guarantee to meet as an average sales price for State vehicles. The guarantee period is done annually for the model year and excludes vehicles sold by the State.

Table is for illustrative purposes only. Submit data in Appendix C.

Class of Vehicle	Percentage of AMR
Passenger Car	
Police Pursuit Vehicles	
Trucks	

**D) VEHICLE MAINTENANCE AND REPAIR**

1. Provide a flat fee per vehicle per month for maintenance repair management and processing.
2. The State will pay for the direct cost of services for each repair item approved and processed by the vendor without additional markups. Only the amount actually paid to the maintenance vendor will be paid by the state.
3. Bidders must certify that their repair costs are net of any actual or intended or future rebates from third parties.
4. Provide your proposed average cost of having shops currently in your vendor network perform the following common vehicle maintenance and repair services. Provide a breakdown of the cost of each service in each location by labor, parts, and other charges (if any). Assume that the services are being performed on a 2004 Ford Taurus LX (with automatic transmission, o.h.v., disc brakes front and rear, ABS, A/C). Include prices for *each* of these four Michigan cities: Detroit, Lansing, Gaylord and Marquette.

**a. 30,000-Mile Service**

- Inspect Ball joints
- Inspect Brake System
- Inspect Cooling System
- Inspect Exhaust System
- Inspect Parking Brake Operation
- Inspect Steering Linkage
- Inspect Suspension
- Replace Air Cleaner Element
- Replace Transaxle fluid
- Replace Cabin Filter
- Replace Engine oil and filter
- Rotate Tires

**b. Brake System Overhaul**

Overhaul calipers  
Replace pads  
Clean, lube, replace hardware as needed  
Inspect Master Cylinder  
(does not include time for machining rotors)

**c. Air Conditioning System Charge** (partial, no system evacuation)

Pressure test system  
Test for leaks  
Test for cooling

**d. Check Charging System**

Perform battery load test  
Test regulator  
Test alternator output

**e. Perform Four-Wheel Alignment**

Adjust front camber, caster and toe-in  
Check rear camber Adjust caster, and toe-in

**E) VEHICLE ACCIDENT REPAIR AND CLAIMS MANAGEMENT**

1. The State will pay for the direct cost of services for each repair item approved and processed by the successful bidder without additional markups. Only the amount actually paid to the maintenance vendor will be paid by the State.
2. Bidders must certify that their repair costs are net of any actual or intended or future rebates from third parties.
3. Provide a flat fee per vehicle per incident for accident and collision repair management and processing.
4. Provide your fees for professional collision damage appraisal services.
5. Provide a fee for subrogation services. Your fee may be a flat fee per subrogation claim and/or a percentage of total subrogation dollars recovered. It is acceptable to offer the State a choice between the two fee structures.
6. Provide all fees associated with the salvaging of State vehicles.
7. Provide all fees associated with the transport and/or storage of State vehicles.
8. Provide all fees associated with driver safety programs.

**F) COMMERCIAL FUEL CARD**

1. The State will pay for the direct cost of fuel purchased that is processed by the successful bidder without additional markups and net of State and federal sales or excise tax.
2. Bidders must certify that the fuel costs billed to the State are net of any actual or intended or future rebates from the fuel supplier or third parties. Only the net amount actually paid by the bidder for fuel will be paid by the state.
3. Fees must not be charged to the State solely for the purpose of establishing an account regardless of the purchasing activity on that account.
4. Identify any other fees associated with your program for which the State shall be liable (i.e., implementation fees, delinquency or late charges).
5. Identify any fees for generating custom reports.
6. Specify any volume discounts, rebates or signing bonuses being offered in association with your card program.



**1.7 Additional Terms and Conditions Specific to this SOW**

Motor Vehicle Code Act 300 of 1949

This act governs motor vehicles in Michigan including expectations of lessors and lessees.



## Article 2 – General Terms and Conditions

### 2.0 Introduction

#### 2.001 GENERAL PURPOSE

The Contract is for [Fleet Management Services](#) for the State of Michigan. Services under this contract will be requested by [Agency Services](#), [Vehicle and Travel Services](#) or its formal designees.

#### 2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

The Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for [Agency Services](#), [Vehicle and Travel Services](#), hereinafter known as [VTS](#). Where actions are a combination of those of Acquisition Services and the State agencies, the authority will be known as the State.

Acquisition Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the commodities and/or services described herein. Acquisition Services is the only office authorized to negotiate, change, modify, amend, alter, and clarify, etc., the specifications, terms, and conditions of the Contract. Acquisition Services will remain the SOLE POINT OF CONTACT throughout the procurement process.

**Contractor proceeds at its own risk if it takes negotiation, changes, modification, alterations, amendments, clarification, etc., of the specifications, terms, or conditions of the contract from any individual or office other than Acquisition Services and the listed contract administrator**

All communications covering this procurement must be addressed to contract administrator indicated below:

Department of Management and Budget  
Acquisition Services  
[Attn: Laura Gyorkos](#)  
2nd Floor, Mason Building  
P.O. Box 30026  
Lansing, Michigan 48909  
(517) (373-1455)  
[gyorkosl@michigan.gov](mailto:gyorkosl@michigan.gov)

#### 2.003 NOTICE

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

#### 2.004 CONTRACT TERM

The term of this Contract will be for three (3) years and will commence with the issuance of a Contract. This will be approximately [October 1, 2005](#) through [September 30, 2008](#). Additionally at the end of the contract period, the state may choose to continue to pay the remaining monthly lease and interest charges for all vehicles under lease on the effective date of contract termination.

**Option.** The State reserves the right to exercise 4 one-year options, at the sole option of the State. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

**Extension.** At the sole option of the State, the contract may also be extended. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.



Written notice will be provided to the Contractor within **30 days**, provided that the State gives the Contractor a preliminary written notice of its intent to extend at least **60 days** before the contract expires. The preliminary notice does not commit the Government to an extension. If the Government exercises this option, the extended contract shall be considered to include this option clause.

## **2.005 GOVERNING LAW**

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. By signing this agreement, vendor consents to personal jurisdiction in the state of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

## **2.006 APPLICABLE STATUTES**

The following statutes, rules, and laws are applicable to the performance of this contract; some statutes are reflected in the clauses of this contract. This list is NOT exhaustive.

MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)

MI OSHA MCL §§ 408.1001 – 408.1094

Freedom of Information Act (FIOA) MCL §§ 15.231, et seq.

Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.

MI Consumer Protection Act MCL §§ 445.901 – 445.922

Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.

Department of Civil Service Rules and regulations

Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.

Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.

MCL §§ 423.321, et seq.

MCL § 18.1264 (law regarding debarment)

Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.

Contract Work Hours and Safety Standards Act (CWHSSA) 40 USCS § 327, et seq.

Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795

Rules and regulations of the Environmental Protection Agency

Internal Revenue Code

Rules and regulations of the Equal Employment Opportunity Commission (EEOC)

The Civil Rights Act of 1964, USCS Chapter 42

Title VII, 42 USCS §§ 2000e et seq.

The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.

The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.

The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.

The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.

The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.

Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106

Sherman Act, 15 U.S.C.S. § 1 et seq.

Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.

Clayton Act, 15 U.S.C.S. § 14 et seq.

## **2.007 RELATIONSHIP OF THE PARTIES**

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

**2.008 HEADINGS**

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

**2.009 MERGER**

This document constitutes the complete, final, and exclusive agreement between the parties. All other prior writings and negotiations are ineffective.

**2.010 SEVERABILITY**

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

**2.011 SURVIVORSHIP**

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of the Contract for any reason.

**2.012 NO WAIVER OF DEFAULT**

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term or any other term of the Contract.

**2.013 PURCHASE ORDERS**

Orders for delivery of commodities and/or services may be issued directly by the State Departments through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Contractor is asked to reference the Purchase Order Number on all invoices for payment.

**2.1 Vendor/Contractor Obligations****2.101 ACCOUNTING RECORDS**

The Contractor and all subcontractors shall 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 Auditor General at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on the Contract or extension thereof.

**2.102 NOTIFICATION OF OWNERSHIP**

The Contractor shall make the following notifications in writing:

1. When the Contractor becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify Acquisition Services within 30 days.
2. The Contractor shall also notify the Acquisition Services within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.



The Contractor shall:

1. Maintain current, accurate, and complete inventory records of assets and their costs;
2. Provide Acquisition Services or designated representative ready access to the records upon request;
3. Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership or officer changes; and
4. Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership or officer change.

### 2.103 SOFTWARE COMPLIANCE

The vendor warrants that all software for which the vendor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure year 2000 compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

### 2.104 IT STANDARDS

1. EXISTING TECHNOLOGY STANDARDS. The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://michigan.gov/dit>.
2. PM METHODOLOGY STANDARDS. The State has adopted a standard documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. This policy is referenced in the document titled "Project Management Methodology" – DMB Administrative Guide Procedure 1380.02 issued June 2000. Vendors may obtain a copy of this procedure, as well as the State of Michigan Project Management Methodology, from the Department of Information Technology's website at <http://www.michigan.gov/projectmanagement>.

The contractor shall use the State's PPM to manage State of Michigan Information Technology (IT) based projects. The Requesting agency will provide the applicable documentation and internal agency processes for the methodology. If the vendor requires training on the methodology, those costs shall be the responsibility of the vendor, unless otherwise stated.

3. ADHERENCE TO PORTAL TECHNOLOGY TOOLS. The State of Michigan, Department of Information Technology, has adopted the following tools as its Portal Technology development efforts:
  - Vignette Content Management and personalization Tool
  - Inktomi Search Engine
  - E-Pay Payment Processing Module
  - Websphere Commerce Suite for e-Store applications



**Vendors must use the Portal Technology Tools to implement web content management and deployment efforts for agencies. Tools used for web-based application development must work in conjunction with Vignette and Inktomi. The interaction with Vignette and Inktomi must be coordinated with the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team.**

Under special circumstances vendors that are compelled to use alternate tools must submit an exception request to the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team, for evaluation and approval of each alternate tool prior to proposal evaluation by the State.

#### **2.105 PERFORMANCE AND RELIABILITY EVALUATION (PARE)**

Reserved.

#### **2.106 PREVAILING WAGE**

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Consumer and Industry Service, Bureau of Safety and Regulation, Wage/Hour Division schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Consumer and Industry Services, the office responsible for enforcement of the wage rates and fringe benefits. You shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

#### **2.107 PAYROLL AND BASIC RECORDS**

Payrolls and basic records relating to the performance of this contract shall be maintained by the Contractor during the course of the work and preserved for a period of 3 years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made, and actual wages paid. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

The Contractor shall submit a copy of all payrolls to the Contract Administrator upon request. The payrolls submitted shall set out accurately and completely all of the information required to be maintained as indicated above.

The Prime Contractor is responsible for the submission of copies of payrolls by all subcontractors upon request from the Contract Administrator



The Contractor or subcontractor shall permit the Contract Administrator or representatives of the Contract Administrator or the State of Michigan to interview employees during working hours on the job.

If the Contractor or subcontractor fails to submit required records or to make them available, the Contract Administrator may, after written notice to the Contractor, take such action as may be necessary to cause the suspension of any further payment. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment.

## **2.108 COMPETITION IN SUB-CONTRACTING**

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the contract.

## **2.109 CALL CENTER DISCLOSURE**

Vendor and/or all subcontractors involved in the performance of this contract providing call or contact center services to the State of Michigan must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of this agreement.

## **2.2 Contract Performance**

### **2.201 TIME IS OF THE ESSENCE**

Contractor/Vendor is on notice that time is of the essence in the performance of this contract. Late performance will be considered a material breach of this contract, giving the State a right to invoke all remedies available to it under this contract.

### **2.202 CONTRACT PAYMENT SCHEDULE**

All invoices should reflect actual work done. Specific details of invoices and payments will be per the specifications listed in Article 1 as agreed between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Acquisition Services, Department of Management & Budget. This activity will occur only upon the specific written direction from Acquisition Services.

### **2.203 POSSIBLE PROGRESS PAYMENTS**

The Government may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

### **2.204 POSSIBLE PERFORMANCE-BASED PAYMENTS (Actual performance rendered)**

Reserved.

### **2.205 ELECTRONIC PAYMENT AVAILABILITY**

Electronic transfer of funds is required on this contract. Vendor is required to register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at [www.cpexpress.state.mi.us](http://www.cpexpress.state.mi.us).

### **2.206 PERFORMANCE OF WORK BY CONTRACTOR**

Reserved.

## **2.3 Contract Rights and Obligations**

### **2.301 INCURRING COSTS**

The State of Michigan is not liable for any cost incurred by the Contractor prior to signing of the Contract. The State fiscal year is October 1st through September 30th. The Contractor(s) should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.



### 2.302 CONTRACTOR RESPONSIBILITIES

The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State will consider the 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. If any part of the work is to be subcontracted, the Contract must include a list of subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve subcontractors and to require the Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract. Any change in subcontractors must be approved by the State, in writing, prior to such change.

For purposes of this contract, automobiles dealers, body outfitters, repair dealers of all types, and fuel providers of all types, utilized in the procurement process and various firms utilized in the resale process are considered providers and not subcontractors. Additionally, the contractor will not be responsible for the activities of agents categorized as providers under this contract.

### 2.303 ASSIGNMENT AND DELEGATION

The State hereby consents to the assignment by Contractor of all its rights and interest in and to the vehicles and the payments attributable thereto. No such assignee shall be obligated to perform any duty, covenant or condition required to be observed or performed by Lessor under the contract, and any such assignment shall not relieve the Lessor from any of its obligations under the contract. The Contractor shall keep a record of all such assignments and provide written notice to the State. All payments by the State under the Contract shall be made to a single entity. The State's rights to terminate the Contract or the payments on any vehicle pursuant to the terms of the Contract shall remain in full force and effect and shall not be impaired by any assignment. None of State's rights, title, interest in, to and under this Contract or any leased vehicle may be assigned, subleased, or encumbered by the Contractor for any reason. The Contractor shall insure good and clear title to all vehicles purchased by the State at the time the State exercises the purchase option and good and clear title to any vehicle disposed of by the State pursuant to the Contract.

**The contractor must obtain the approval of the Director of Acquisition Services before using a place of performance that is different from the address that the contractor provided in the bid.**

### 2.304 TAXES

Sales Tax: For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

Federal Excise Tax: The State of Michigan may be exempt for Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to the Contractor upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.

The State's Tax Exempt Certification is available for vendor viewing upon request to the Contract Administrator.

### 2.305 INDEMNIFICATION

#### General Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:



1. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract.
2. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
5. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

#### Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

#### Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

#### Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract 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 of its subcontractors under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in sub clauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other sub clause.

#### Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect notwithstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

#### Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract.

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to so notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the Defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor shall promptly reimburse the State for all such reasonable costs and expenses.

**2.306 LIMITATION OF LIABILITY**

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; to Contractor's indemnification obligations (2.305); or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor shall be limited to the value of the Contract.

**2.307 CONTRACT DISTRIBUTION**

Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Acquisition Services.

**2.308 FORM, FUNCTION, AND UTILITY**

If the Contract is for use of more than one State agency and if the good or service provided under this Contract do not meet the form, function, and utility required by a State agency, that agency may, subject to State purchasing policies, procure the good or service from another source.

**2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION**

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the bidder hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.

**2.310 RESERVED****2.311 TRANSITION ASSISTANCE**

If this Contract is not renewed at the end of this term, or is canceled prior to its expiration, for any reason, the Contractor must provide for up to **180 days** after the expiration or cancellation of this Contract, all reasonable transition assistance requested by the State, to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this Contract, (notwithstanding this expiration or cancellation) except for those Contract terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for Contract performance.

**2.312 WORK PRODUCT**

Work Products shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State. If by operation of law any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon creation thereof, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights. The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.

Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies (collectively, the "Development Tools") created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except



as necessary to exercise its rights in the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein.

The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.

### 2.313 PROPRIETARY RIGHTS

#### Rights in Data

- (a) The State will be and remain the owner of all data made available by the State to Contractor or its agents, Subcontractors or representatives pursuant to the Contract. Contractor will not use the State's data for any purpose without prior approval from the State. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, Contractor shall only use personally identifiable information as strictly necessary to provide the Services and shall disclose such information only to its employees who have a strict need to know such information. Contractor shall comply at all times with all laws and regulations applicable to such personally identifiable information.
- (b) The State is and shall remain the owner of all State-specific data pursuant to the Contract. The State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State shall only use personally identifiable information as strictly necessary to utilize the Services and shall disclose such information only to its employees who have a strict need to know such information, except as provided by law. The State shall comply at all times with all laws and regulations applicable to such personally identifiable information.

#### Ownership of Materials

State and Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State.

### 2.314 WEBSITE INCORPORATION

State expressly states that it will not be bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

## 2.4 Contract Review and Evaluation

### 2.401 CONTRACT COMPLIANCE INSPECTOR

Upon receipt at Acquisition Services of the properly executed Contract Agreement(s), the person named below will be allowed to oversee the Contract performance on a day-to-day basis during the term of the Contract. However, overseeing the Contract implies **no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Acquisition Services.** The Contract Compliance Inspector for this project is:



Rose Wilson  
Department of Management and Budget  
Agency Services, Vehicle and Travel Services  
P.O. Box 30026  
6951 Crouner Dr.  
Lansing, MI 48909  
(517) 322-5005  
[WilsonR@michigan.gov](mailto:WilsonR@michigan.gov)

## 2.402 PERFORMANCE REVIEWS

Acquisition Services in conjunction with VTS may review with the Contractor their performance under the Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Contractor's past performance with the State. Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.

Upon a finding of poor performance, which has been documented by Acquisition Services, the Contractor shall be given an opportunity to respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by Acquisition Services, the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

## 2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS

- (a) Inspection of Work Performed. The State's authorized representatives shall at all reasonable times and with ten (10) days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and shall have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon ten (10) Days prior written notice and during business hours, the State's representatives shall be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that such access will not interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives, so long as no security, labor relations policies and propriety information policies are violated.
- (b) Examination of Records. No more than once per year, Contractor agrees that the State, including its duly authorized representatives, until the expiration of seven (7) years following the creation of the material (collectively, the "Audit Period"), shall, upon twenty (20) days prior written notice, have access to and the right to examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the terms and conditions of the Contract and with applicable laws and rules, including the State's procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State shall not have access to any information deemed confidential to Contractor to the extent such access would require such confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.
- (c) Retention of Records. Contractor shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.



- (d) **Audit Resolution.** If necessary, the Contractor and the State shall meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within thirty (30) days from receipt of such report, unless a shorter response time is specified in such report. The Contractor and the State shall develop and agree upon an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in such audit report.
  - 1. **Errors.** If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.
  - 2. In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than ten (10%), then the Contractor shall pay all of the reasonable costs of the audit.

**2.5 Quality and Warranties**

**2.501 PROHIBITED PRODUCTS**

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Acquisition Services has approved a change.

**2.502 RESERVED**

**2.503 RESERVED**

**2.504 GENERAL WARRANTIES (goods)**

*Warranty of Merchantability* – Goods provided by vendor under this agreement shall be merchantable. All goods provided under this contract shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the vendor or on the container or label.

*Warranty of fitness for a particular purpose* – When vendor has reason to know or knows any particular purpose for which the goods are required, and the State is relying on the vendor’s skill or judgment to select or furnish suitable goods, there is a warranty that the goods are fit for such purpose.

*Warranty of title* – Vendor shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by vendor shall be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by vendor, under this agreement, shall be delivered free of any rightful claim of any third person by of infringement or the like.

**2.505 CONTRACTOR WARRANTIES**

The Contract will contain customary representations and warranties by the Contractor, including, without limitation, the following:

- 1. The Contractor will perform all services in accordance with high professional standards in the industry;
- 2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;



3. The Contractor will use its best efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;
4. The Contractor will use its best efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
5. The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;
6. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
7. The Contractor has duly authorized the execution, delivery and performance of the Contract;
8. The Contractor is capable in all respects of fulfilling and shall fulfill all of its obligations under this contract.
9. The contract appendices, attachments, and exhibits identify all equipment and software services necessary for the deliverable(s) to perform and operate in compliance with the contract's requirements.
10. The Contractor is the lawful owner or licensee of any Deliverable licensed or sold to the state by Contractor or developed by Contractor under this contract, and Contractor has all of the rights necessary to convey to the state the ownership rights or license use, as applicable, of any and all Deliverables.
11. If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items as set forth in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
12. The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter this contract, on behalf of Contractor.
13. The Contractor is qualified and registered to transact business in all locations where required.
14. Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
15. All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the ITB or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor. All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.



## 2.506 STAFF

The State reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State.

The Contractor shall not remove or reassign, without the State's prior written approval any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the State may be considered by the State to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment.

## 2.507 SOFTWARE WARRANTIES

### (a) Performance Warranty

The Contractor represents and warrants that Deliverables, after Final Acceptance, will perform and operate in compliance with the requirements and other standards of performance contained in this Contract (including all descriptions, specifications and drawings made a part of the Contract) for a period of ninety (90) days. In the event of a breach of this warranty, Contractor will promptly correct the affected Deliverable(s) at no charge to the State.

### (b) No Surreptitious Code Warranty

The Contractor represents and warrants that no copy of licensed Software provided to the State contains or will contain in any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in this Contract as the "No Surreptitious Code Warranty."

As used in this Contract, "Self-Help Code" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than the licensee of the software. Self-Help Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

As used in this Contract, "Unauthorized Code" means any virus, Trojan horse, spyware, worm or other Software routines or components designed to permit unauthorized access to disable, erase, or otherwise harm software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code.

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the State.

### (c) Calendar Warranty

The Contractor represents and warrants that all software for which the Contractor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure calendar year rollover compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive



data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

(d) Third-party Software Warranty

The Contractor represents and warrants that it will disclose the use or incorporation of any third-party software into the Deliverables. At the time of Delivery, the Contractor shall provide in writing the name and use of any Third-party Software, including information regarding the Contractor's authorization to include and utilize such software. The notice shall include a copy of any ownership agreement or license that authorizes the Contractor to use the Third-party Software.

**2.508 EQUIPMENT WARRANTY**

Reserved.

**2.509 PHYSICAL MEDIA WARRANTY**

Contractor represents and warrants that each licensed copy of the Software provided by the Contractor is free from physical defects in the media that tangibly embodies the copy. This warranty does not apply to defects discovered more than thirty (30) days after that date of Final Acceptance of the Software by the State. This warranty does not apply to defects arising from acts of Excusable Failure. If the Contractor breaches this warranty, then the State shall be entitled to replacement of the non-compliant copy by Contractor, at Contractor's expense (including shipping and handling).

**2.6 Breach of Contract**

**2.601 BREACH DEFINED**

Failure to comply with articles, sections, or subsections of this agreement, or making any false statement in this agreement will be considered a material breach of this agreement giving the state authority to invoke any and all remedies available to it under this agreement.

In addition to any remedies available in law and by the terms of this contract, if the Contractor breaches Sections 2.508, 2.509, or 2.510, such a breach may be considered as a default in the performance of a material obligation of this contract.

**2.602 NOTICE AND THE RIGHT TO CURE**

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.

**2.603 EXCUSABLE FAILURE**

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such



party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

## 2.7 Remedies

### 2.701 CANCELLATION

The State may cancel this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents, and employees for any of the following reasons:

1. Material Breach by the Contractor. In the event that the Contractor breaches any of its material duties or obligations under the Contract, which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all costs incurred by the State in canceling the Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any additional costs the State may incur to procure the services required by this Contract from other sources. All excess re-procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.

In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or



in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.

- 3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.
- 4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.
- 5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.
- 6. The State may, terminate the lease of an individual vehicle at any time for any reason.
- 7. If the State cancels this contract in its entirety or for specific vehicles subject to the items 2, 3, 4, 5, and 6 above, cancellation shall be subject to the following provisions:
  - a. If the contract is canceled as to a specific vehicle before it shall have been leased by the State for 365 days, the State will certify that it will not expend funds until 365 days have elapsed from the date on which the vehicle was first leased to purchase, lease, or otherwise acquire any motor vehicle for purposes of providing transportation services in lieu of the services previously provided under the canceled lease.
  - b. If the Net Sales Proceeds are less than the Residual Value of said canceled vehicle, the State will pay to the lessor an amount equal to the difference. If the Net Sales Proceeds exceed the Residual Value of said canceled lease and the lessor sells the vehicle for the lessee, the lessor will credit or pay the excess forthwith.

Residual Value is defined by the following formula:

$$R = C \times TR$$

R = Residual Value, C = Capitalized Cost, and TR is the term remaining percentage calculated by multiplying the months left in the term by the monthly percentage factor.

In the event of the sale by Lessor of a terminated vehicle, Lessor shall guarantee to the Lessee that the proceeds shall be at least equate to (a) the following percentages of the market value of the vehicle as of the beginning of the twelve-month period during which the date of termination occurs:

- Initial 12-month period of lease --20%
- Each subsequent 12-month period -- 30%

less (b) the amount of any mechanical repairs, loss, or damage to be insured or borne by the Lessee under the terms of the lease.



## 2.702 RIGHTS UPON CANCELLATION

### A. Rights and Obligations Upon Termination

- (1) If this Contract is terminated by the State for any reason, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in equipment and software that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables and other Developed Materials intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (2) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to this Contract, for partially completed Deliverables, on a percentage of completion basis. All completed or partially completed Deliverables prepared by Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
- (3.) If any such termination by the State is for cause, the State shall have the right to set-off against any amounts due Contractor the amount of any damages for which Contractor is liable to the State under this Contract or pursuant to law or equity.
- (4.) Upon a good faith termination, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and materials provided under this Contract, and may further pursue completion of the Services under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

### B. Termination Assistance

If the Contract (or any Statement of Work issued under it) is terminated for any reason before completion, Contractor agrees to provide for up to two-hundred seventy (270) calendar days after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of the Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. The State shall compensate Contractor for such termination assistance at the same rates and charges set forth in the Contract on a time and materials basis in accordance with the Labor Rates indicated within Contractors pricing section. If the Contract is terminated by Contractor under **Section 20**, then Contractor may condition its provision of termination assistance under this Section on reasonable assurances of payment by the State for such assistance, and any other amounts owed under the Contract.

**C. Reservation of Rights**

Any termination of the Contract or any Statement of Work issued under it by a party shall be with full reservation of, and without prejudice to, any rights or remedies otherwise available to such party with respect to any claims arising prior to or as a result of such termination.

**D. End of Contract Transition**

In the event the Contract is terminated, for convenience or cause, or upon expiration, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of the Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 270 calendar days. These efforts shall include, but are not limited to, the following:

- (1) Personnel - The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor shall allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors.
- (2) Knowledgeable Personnel. Contractor will make available to the State or a Third Party Provider knowledgeable personnel familiar with the operational processes and procedures used to deliver products and services to the State. The Contractor personnel will work with the State or third party to help develop a mutually agreeable transition plan, work to transition the process of ordering, shipping and invoicing equipment and services to the State.
- (3) Information - The Contractor agrees to provide reasonable detailed specifications for all Services needed by the State, or specified third party, to properly provide the services required under the Contract. The Contractor will also provide any licenses required to perform the Services under the Contract.
- (4) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services under the Contract. This shall include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level.
- (5) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after Contract expiration that result from transition operations). The hourly rates or fixed price to be charged will be agreed upon prior to the work commencing.
- (6) Single Point of Contact. Contractor will maintain a Single Point of Contact (SPOC) for the State after termination of the Contract until all product and service obligations have expired.

**E. Transition out of this Contract**

- (1) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the Contractor agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
  - (i) Cooperating with any contractors, vendors, or other entities with whom the State contracts to meet its telecommunication needs, for at least two hundred and seventy (270) days after the termination of this Contract;



- (ii) Reserved.
  - (iii) Providing the State with all asset management data generated from the inception of this Contract through the date on which this Contract is terminated, in a comma-delimited format unless otherwise required by the Program Office;
  - (iv) Reconciling all accounts between the State and the Contractor;
  - (v) Allowing the State to request the winding up of any pending or ongoing projects at the price to which the State and the Contractor agreed at the inception of the project;
  - (vi) Freezing all non-critical software changes;
  - (vii) Notifying all of the Contractor's subcontractors of procedures to be followed during the transition out phase;
  - (viii) Assisting with the communications network turnover, if applicable;
  - (ix) Assisting in the execution of a parallel operation until the effective date of termination of this Contract
  - (x) Answering questions regarding post-migration services;
  - (xi) Delivering to the State any remaining owed reports and documentation still in the Contractor's possession.
- (2) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
- (i) Reconciling all accounts between the State and the Contractor;
  - (ii) Completing any pending post-project reviews.

**2.703 LIQUIDATED DAMAGES**

Reserved.

**2.704 STOP WORK**

1. The State may, at any time, by written stop work order to the Contractor, require that the Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to the Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this section. Upon receipt of the stop work order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either:
  - a) Cancel the stop work order; or
  - b) Cancel the work covered by the stop work order as provided in the cancellation section of this Contract.
2. If a stop work order issued under this section is canceled or the period of the stop work order or any extension thereof expires, the Contractor shall resume work. The State shall make an equitable adjustment in the delivery schedule, the contract price, or both, and the Contract shall be modified, in writing, accordingly, if:
  - a) The stop work order results in an increase in the time required for, or in the Contractor's costs properly allocable to the performance of any part of this Contract; and
  - b) The Contractor asserts its right to an equitable adjustment within 30 days after the end of the period of work stoppage; provided, that if the State decides the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Contract.
3. If the stop work order is not canceled and the work covered by the stop work order is canceled for reasons other than material breach, the State shall allow reasonable costs resulting from the stop work order in arriving at the cancellation settlement.



4. If a stop work order is not canceled and the work covered by the stop work order is canceled for material breach, the State shall not allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop work order.

An appropriate equitable adjustment may be made in any related contract of the Contractor that provides for adjustment and is affected by any stop work order under this section. The State shall not be liable to the Contractor for loss of profits because of a stop work order issued under this section.

**2.705 SUSPENSION OF WORK**

The Contract Administrator may order the Contractor, in writing, to suspend, delay, or interrupt all or any part of the work of this contract for the period of time that the Contract Administrator determines appropriate for the convenience of the Government.

If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of the Contract Administrator in the administration of this contract, or (2) by the Contract Administrator's failure to act within the time specified in this contract (or within a reasonable time if not specified), an adjustment shall be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the contract modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Contractor, or for which an equitable adjustment is provided for or excluded under any other term or condition of this contract.

A claim under this clause shall not be allowed:

- (1) For any costs incurred more than 20 days before the Contractor shall have notified the Contract Administrator in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order); and
- (2) Unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under the contract.

**2.8 Changes, Modifications, and Amendments**

**2.801 APPROVALS**

The Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

**2.802 TIME EXTENTIONS**

Time extensions for contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of performance as described in the statement of work. The change order granting the time extension may provide that the contract completion date will be extended only for those specific elements related to the changed work and that the remaining contract completion dates for all other portions of the work will not be altered. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.

**2.803 MODIFICATION**

Acquisition Services reserves the right to modify this contract at any time during the contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases. **IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.**



**The State reserves the right to add an item(s) that is not described on the item listing and is available from the Contract vendor.** The item(s) may be included on the Contract, only if prior written approval has been granted by Acquisition Services.

#### **2.804 AUDIT AND RECORDS UPON MODIFICATION**

DEFINITION: records includes books, documents, accounting procedures and practices, and other data, regardless of whether such items are in written form, electronic form, or in any other form

Contractor shall be required to submit cost or pricing data with the pricing of any modification of this contract to the Contract Administrator in Acquisition Services. Data may include accounting records, payroll records, employee time sheets, and other information the state deems necessary to perform a fair evaluation of the modification proposal. Contract Administrator or authorized representative of the state shall have the right to examine and audit all of the contractor's records, including computations and projections, related to:

1. The proposal for modification;
2. The discussions conducted on the proposal, including those related to negotiation;
3. Pricing of the modification; or
4. Performance of the modification.

Contractor shall make available at its office at all reasonable times the materials described in the paragraphs above.

If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

#### **2.805 CHANGES**

- (a) The Contract Administrator may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the contract, including changes:
  - (1) In the specifications (including drawings and designs);
  - (2) In the method or manner of performance of the work;
  - (3) In the Government-furnished facilities, equipment, materials, services, or site; or
  - (4) Directing acceleration in the performance of the work.
- (a) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contract Administrator that causes a change shall be treated as a change order under this clause; Provided, that the Contractor gives the Contract Administrator written notice stating:
  - (1) The date, circumstances, and source of the order; and
  - (2) That the Contractor regards the order as a change order.
- (b) Except as provided in this clause, no order, statement, or conduct of the Contract Administrator shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment.



2.90 LIABILITY INSURANCE

A. Insurance

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether such services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract.

All insurance coverage provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance shall be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. Companies that have been approved to do business in the State shall issue all policies of insurance required in this Contract.

See [www.michigan.gov/cis](http://www.michigan.gov/cis)

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits.

Before both parties sign the Contract or before the purchase order is issued by the State, the Contractor must furnish to the Director of Acquisition Services, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverage afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

The Contractor is required to pay for and provide the type and amount of insurance checked below:

- 1. Commercial General Liability with the following minimum coverage:
  - \$2,000,000 General Aggregate Limit other than Products/Completed Operations
  - \$2,000,000 Products/Completed Operations Aggregate Limit
  - \$1,000,000 Personal & Advertising Injury Limit
  - \$1,000,000 Each Occurrence Limit
  - \$500,000 Fire Damage Limit (any one fire)

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.



- 2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.
- 3. Workers' compensation coverage must be provided in accordance with applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If a self-insurer provides the applicable coverage, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.
- 4. Employers liability insurance with the following minimum limits:

  - \$100,000 each accident
  - \$100,000 each employee by disease
  - \$500,000 aggregate disease
- 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).
- 6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which shall apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.
- 7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.
- 8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of such office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to the replacement value thereof, where such office space and its contents are under the care, custody and control of Contractor. Such policy shall cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State shall be endorsed on the policy as a loss payee as its interests appear.



**B. Subcontractors**

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor’s insurance on the coverage required in this Section. Subcontractor(s) shall fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor’s liability or responsibility.

**C. Certificates of Insurance and Other Requirements**

Contractor shall furnish to the Office of Acquisition Services certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the “Certificates”). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds, but only to the extent of liabilities assumed by Contractor as set forth in Indemnification Section of this Contract, under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer’s attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State’s written consent, at the State’s election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State’s election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

The vendor represents that it IS \_\_\_\_\_, IS NOT \_\_\_\_\_ a minority owned small business.

‘Veteran-owned business’, means a small business that is at least 51% owned by a veteran or veterans who are U.S. citizens and who control and operate the business

The vendor represents that it IS \_\_\_\_\_, IS NOT \_\_\_\_\_ a veteran owned small business.

The Contractor represents and warrants that the company meets the above (when checked) and can provide supportive documentation upon request.

**2.91 WORKPLACE DISCRIMINATION**

The Contractor represents and warrants that in performing services for the State pursuant to this Contract, the Contractor agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental handicap or disability. The Contractor further agrees that every subcontract entered into for the performance of any Contract or purchase order resulting here from will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2201, et seq., and the Persons With Disabilities Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, et seq., and any breach thereof may be regarded as a material breach of the Contract or purchase order.



Vendor hereby represents that in performing this contract it will not violate The Civil Rights Act of 1964, USCS Chapter 42, including, but not limited to, Title VII, 42 USCS §§ 2000e et seq.; the Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.; or The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.; the Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626 et seq.; the Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.; or the Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.

## 2.92 LABOR RELATIONS

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq., the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an **unfair labor practice** compiled pursuant to Section 2 of the Act. A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to Section 4 of 1980 Public Act 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.

The Contractor represents and warrants that the company does not appear in the current register of employers failing to correct an unfair labor practice.







MINIMUM BIDDER QUALIFICATIONS		YES	NO	Not Bidding
<b>A</b>	<b>Business Capacity, Qualifications and Experience</b>			
1	For acquisition and/or finance bidders: Currently have a portfolio of at least 50,000 funded vehicles. Funded is defined as any vehicle acquired either through self-funds, a bank line, securitization, or syndication.	X		
2	For acquisition bidders: Currently have a portfolio that includes 10,000 funded and/or managed medium and heavy-duty trucks and/or specialty vehicles (such as police cars) and a trained staff dedicated to the acquisition of trucks.	X		
3	For maintenance bidders: Have a portfolio of at least 50,000 vehicles enrolled in a maintenance management program and a trained staff in both passenger vehicles and medium and heavy-duty trucks and/or special vehicles.	X		
4	For accident management bidders: Have a portfolio of at least 50,000 vehicles enrolled in an accident management program.	X		
5	For commercial fueling card bidders: Have a portfolio of at least 50,000 vehicles enrolled in a commercial fuel card program.	X		
6	For bulk fueling facility bidders: Currently maintain a minimum of 100 bulk fueling facilities for third-party clients.			X
<b>B</b>	<b>For acquisition/replacement bidders: Vehicle Selection, Acquisition and Replacement</b>			
1	Ability to assist the State with the development of its annual selector and perform lifecycle cost analysis of all models of vehicles considered for inclusion in the annual selector list, including models in the prior model year's selector.	X		
2	Secure all manufacturers' incentives, assistance and price protection for all vehicles procured for the State. Vehicle prices shall not include taxes. (State is exempt from federal excise, and state and local sales, taxes.)	X		
3	Provide new vehicles from dealer stock with all available fleet incentives passed through to the State.	X		
4	Provide new vehicles from a pool and/or manufacturer bailment with all available fleet incentives passed through to the State.	X		
5	Ensure that all vehicle deliveries are credited to a Michigan dealer.	X		
6	Secure used vehicles to fulfill the State's seasonal needs or other State projects.	X		
7	Arrange for upfitting, including special circumstances where specialty and/or recycled equipment provided by the State are utilized in the upfitting process.	X		
8	Ability to assist the State in meeting EPA and other alternative fuels goals by recommending alternative fuel vehicles that meet the functional needs of the State and are appropriate for inclusion on the State's selector list.	X		
9	Ensure proper handling of vehicle titles, including additional security of police title information and limited access to sensitive State records. Titles shall contain the contractor's name and comply with all applicable State of Michigan laws.	X		
10	Furnish vehicle damage and liability insurance coverage for each vehicle prior to delivery to the State or dealer site and from the time a terminated vehicle leaves the State premises.	X		
11	Deliver vehicles to the State fleet operations facility in Lansing and other State locations in Michigan.	X		
12	Drop ship vehicles from the factory directly to upfitter facilities.	X		
13	Ability to provide assistance on vehicle warranty related problems and general factory relations.	X		
14	Ability to provide a network of "fleet-minded" dealers with a minimum of 10 in-network dealer locations south of Clare, Michigan and five in-network dealer locations north of Clare, Michigan. Fleet-minded dealers are defined as those dealerships with a dedicated fleet department staffed by fleet professionals with a reasonable amount of fleet experience.	X		
15	Assume full responsibility for originally enrolling or reporting all State vehicles in all factory rebate programs.	X		
16	Extend the entire manufacturer warranty for all vehicles to the State.	X		
17	Notify the State in a mutually agreed manner of all recalls or related product information on all vehicles under lease contract.	X		



MINIMUM BIDDER QUALIFICATIONS			YES	NO	Not Bidding
18	Formally certify that the lease is classified as an operating lease under FASB13 guidelines.		X		
19	Provide recommendations for optimal vehicle replacement schedules.		X		
20	Provide recommendations of replacement dates for specified vehicles scheduled for replacement based on miles, months in service and other such parameters.		X		
21	Provide assistance to the State in determining if a vehicle requiring major mechanical repairs should be repaired or replaced with a new vehicle based on based on considerations of vehicle life cycle cost minimization and operational need.		X		
22	Terminate all lease charges immediately upon receipt of notice from the State that a vehicle is available for remarketing.		X		
<b>C</b>	For finance bidders: <b>Vehicle Financing</b>				
1	Ability to provide financing for the buyout of current vehicle leases (if requested by the State) within 60 days of contract execution. The estimated book value is \$47,000,500.		X		
2	Ability to provide vehicle financing for new vehicle orders estimated to be \$28,167,627 for the 2006 model year and increasing at an annual rate of 10 percent thereafter.		X		
3	Provide financing at interest rates fixed for the life of each lease indexed to US Treasury Bill rates in effect on the date that each vehicle is delivered.		X		
4	Formally certify that the lease is classified as an operating lease under FASB13 guidelines.		X		
5	Terminate all lease charges immediately upon receipt of notification from the State that a vehicle is to be disposed of.		X		
<b>D</b>	For remarketing bidders: <b>Vehicle Remarketing</b>				
1	Pick up vehicles within a maximum of 30 days upon receipt of notification from the State to do so. The average elapsed time to vehicle pick up over a 12-month period should not exceed 14 days.		X		
2	Ensure that vehicle sales are completed in accordance with all applicable state and federal laws.		X		
3	Track the number of days it takes to sell a vehicle and provide data to the State on a quarterly basis. Days-to-sell is calculated from the day that you are notified by the State that a vehicle is ready for disposal through the day that the vehicle is sold.		X		
4	Accommodate the State's desire to remarket State vehicles through other channels, such as State Surplus auctions.		X		
5	Commit to meet or exceed agreed-upon remarketing standards.		X		
6	Mail vehicle titles to the State within seven work days of the State's request.		X		
<b>E</b>	For maintenance service bidders: <b>Vehicle Maintenance and Repair</b>				
1	Provide a statewide network of maintenance and repair facilities with a minimum of 50 full-service locations in Michigan.		X		
2	Have a minimum of three years experience operating a maintenance management program for a fleet of at least 50,000 vehicles.		X		
3	Provide a centralized repair call center and authorization system that utilizes vehicle history with authorizations based on State-defined spending thresholds and other pertinent specifications.		X		
4	Provide roadside assistance 24x7 accessible via toll-free telephone number. The maximum response time is one hour and the average response time over a 12-month period should not exceed 45 minutes. (As an example, cannot ensure one-hour towing response time for DNR vehicles in remote, off-road locations.)  The State recognizes there may be situations such as severe weather, remote off-road locations, or other situations beyond the control of the bidder and emergency roadside providers. The State acknowledges these circumstances may exceed the response time of one hour.		X		



MINIMUM BIDDER QUALIFICATIONS			YES	NO	Not Bidding
5	Advise the state on acceptable levels of preventative maintenance services and provide reports on completion rates according to the State-approved schedule.	X			
6	Assist the State in achieving acceptable levels of customer service in areas such as repair vendor performance, vehicle availability and reliability, responsiveness to service requests, and timeliness of completion of all maintenance and repair work.	X			
7	Ability to add vendors as requested by the State to the vendor network, including State-operated fleet maintenance facilities.	X			
8	Provide assistance to the State in determining if a vehicle requiring major mechanical repairs should be repaired or replaced with a new vehicle based on considerations of vehicle life cycle cost minimization and operational need.	X			
<b>F</b>	<b>For accident management bidders: Vehicle Accident Repair and Claims Management</b>				
1	Provide an accident claims management system that tracks the State's accidents and vehicle physical damage claims as well as third-party auto physical damage claims.	X			
2	Have a minimum of three years experience with a commercial vehicle accident repair and claims management program for at least 50,000 vehicles.	X			
3	Take accidents directly from drivers and prepare accident reports.	X			
4	Provide roadside assistance 24x7 accessible via toll-free telephone number. The maximum response time is one hour and the average response time over a 12-month period should not exceed 45 minutes. <i>(As an example, cannot ensure one-hour towing response time for DNR vehicles in remote, off-road locations.)</i>  The State recognizes there may be situations such as severe weather, remote off-road locations, or other situations beyond the control of the bidder and emergency roadside providers. The State acknowledges these circumstances may exceed the response time of one hour.	X			
5	Provide a statewide network of collision repair facilities with a minimum of 50 service locations in Michigan that are capable of repairing light duty vehicles including patrol cars.	X			
6	Monitor repair costs against best practice, e.g. collision repair cost guides, to ensure that the State is charged the appropriate repair cost.	X			
7	Provide professional collision damage appraisal services.	X			
8	Provide loss recovery, including subrogation and vehicle salvage, services.	X			
9	Transport vehicles to body shops, salvage vendors, and other locations as authorized by the State.	X			
10	Provide driver safety programs and services as authorized by the State.	X			
11	Ability to add vendors as requested by the State to the vendor network, including State-operated fleet maintenance facilities.	X			
12	Provide assistance to the State in determining if a vehicle requiring major collision repairs should be repaired or replaced with a new vehicle based on considerations of vehicle life cycle cost minimization and operational need.	X			
<b>G</b>	<b>For commercial fuel card bidders: Commercial Fuel Card</b>				
1	Provide a nationwide fuel management program offering gasoline and diesel fuel procurement through the use of a universal (single) credit card.	X			
2	Have a minimum of three years experience with a commercial fuel management program for at least 5,000 vehicles.	X			
3	Provide a minimum of five major gasoline companies who will accept the fuel card in the State of Michigan.	X			
4	Provide a minimum 90 percent Level III data transaction data capture.	X			
5	Provide a minimum of 1,500 Michigan commercial fuel facilities that have additional car wash, and maintenance service facilities capable of transmitting Level III data. The State requires a minimum of five sites in each of the separate counties to be open 24x7.	X			
6	Provide a unique fuel card unique to each vehicle capable of tracking all fueling	X			



MINIMUM BIDDER QUALIFICATIONS		YES	NO	Not Bidding
	activity associated with the fuel card.			
7	This minimum bidder qualification is eliminated and has been deleted.			
8	Provide the State the ability to utilize one personal identification number (PIN) for multiple vehicles and/or utilize individual PINs for unique vehicles.	X		
9	Provide audit control and fraud detection for all fuel transactions. Such controls must prevent the use of cards for cash advances and/or for purchasing at certain fuel providers or facilities as specified by the State.	X		
10	Maintain the appropriate level of control on spending such as limiting the size or number of transactions.	X		
11	Invalidate lost or stolen cards immediately upon receipt of notification by State personnel. Replace lost or stolen cards at no cost to the State.	X		
12	Provide an exception process whereby the State is notified via email daily of any activity outside prescribed criteria as established by the State.	X		
13	Provide reporting tools that allow the State to request new commercial cards and to close existing accounts on line via real-time access.	X		
14	Provide new (excluding the initial implementation order) or replacement cards to the State within 48 hours of receipt of the State's request at no cost to the State.	X		
15	Provide fuel card customer service assistance 24x7 accessible via toll-free telephone number.	X		
16	Provide invoices net of excise and sales taxes. The State is exempt from federal excise tax and state and local sales taxes.	X		
17	Provide a fuel card compatible with existing TRAK equipment used at current bulk fuel dispensing State owned sites.	X		
18	Provide issuance of commercial fuel cards within 30 days of contract award.	X		
<b>H</b>	<b>For bulk fuel services bidders: Management of Bulk Fuels and Fueling Facilities</b>			
1	Have a minimum of three years' experience managing the maintenance of bulk fueling facilities and bulk fuel inventories.			X
2	Provide and manage a structured bulk fueling facility maintenance and equipment replacement planning program.			X
3	Provide a fuel management program that effectively manages State bulk fuel sites, equipment, and consigned fuel inventories and utilizes the State's universal fuel card to activate dispensers 24x7.			X
4	Identify the need for the replacement/installation of tank monitoring equipment at selected State owned sites where the vendor and State mutually agree.			X
5	Provide maintenance or repair services needed on tank monitoring equipment at State owned sites, to the extent that required services are not covered by warranty.			X
6	<b>Provide maintenance or service needed on the State owned Trak units at State owned sites, to the extent that required services are not covered by warranty.</b>			X
7	Conduct an EPA/DEQ required leak test by tank monitoring equipment at a frequency that meets the minimum required by federal or state laws or monthly, whichever is less.			X
8	Provide maintenance and repairs on existing Trak Fuel Control Terminal (card reading equipment).			X
9	Provide signs and/or digital readouts for all locations where equipment is installed which give step by step instructions to users on the operation of fuel dispensing/card reader equipment			X
10	Maintain satisfactory fuel levels at all sites by daily monitoring of fuel activity through electronic tank monitoring equipment, contacting current fuel providers in a timely manner to insure on time delivery of product.			X
<b>I</b>	<b>All Bidders: Customer Service Delivery</b>			
1	Provide a dedicated account representative who has the ability and authority to resolve day-to-day problems and to meet in person with state officials at least quarterly (after the implementation phase) for the duration of the contract.	X		
2	Provide appropriate on-site training for State employees.	X		
3	Participate in the State's fleet advisory board meetings.	X		



MINIMUM BIDDER QUALIFICATIONS			YES	NO	Not Bidding
	4	Survey State users on a variety of vehicle and fleet management-related needs, service levels, and satisfaction levels at a frequency to be determined by the State and provide survey results in a format acceptable to the State.	X		
	5	Ensure a reasonable initial response period and resolution to inquiries from State personnel.	X		
	6	Participate in on-site visits to agencies as authorized by VTS to share information and promote the delivery of fleet-related products and services of maximum efficiency and effectiveness to fleet users.	X		
<b>J</b>	<b>All Bidders: Record Keeping, Data Management and Management Reporting</b>				
	1	Maintain all source documents (e.g., vendor invoices, purchase orders, work orders, receipts, etc.) necessary to substantiate charges levied and performance levels achieved for goods and services furnished to the State. Documents shall be maintained in hard copy or digital form for the duration of the contract and a period of one year following contract termination, and deliver to, or otherwise make available for inspection by, the State such source documents upon demand.	X		
	2	Furnish one or more ODBC-compliant, graphical user interface-based information systems that capture detailed data required by the State to manage and administer the procurement of, payment for, and evaluation of the performance of all products and services provided under the contract. Browser-based applications containing real-time or near real time transaction status monitoring, ad hoc query and custom management report writing functionality are preferred.	X		
	3	Provide system administrator, key user, and end user training in the use of the management information system(s).	X		
	4	Provide application administrator and user support services, accessible via toll-free telephone number and email, for solving system usage-related problems, including assistance in utilizing ad hoc data query and report writing features.	X		
	5	Provide daily data backup and data recovery and application restoration within 24 hours capabilities for all computerized information systems used to deliver product and service charges and performance information to the State.	X		
	6	Maintain all electronic data used in generating product and service charges and performance information statistics for the duration of the contract and a period of one year following contract termination, and deliver to, or otherwise make available for inspection by, the State such data upon demand.	X		
	7	Deliver electronic data from the information system(s) used to support the delivery of products and services to the State in ASCII files via File Transfer Protocol, CD, DVD, and/or other suitable media to facilitate their integration with State management information systems.	X		
	8	Provide all reasonable assistance to the State and successor product and service providers (whether State agencies or other contractors or vendors) upon termination of the contract in transferring electronic data to the management information systems utilized by such successors.	X		
	9	Provide all reasonable assistance to the State in determining the most cost-effective means of electronically integrating data from contractor/vendor information systems and State information systems.	X		
<b>K</b>	<b>All Bidders: Billing and Payment</b>				
	1	Provide a consolidated monthly invoice, both electronically and in hard copy, if requested.	X		
	2	Provide detailed invoices itemizing charges for each vehicle and including all necessary vehicle identification information as specified by the State.	X		
	3	Prepare separate invoices for a subset(s) of vehicles as defined by the State.	X		
	4	Pay vendors and suppliers in a timely manner based on commonly accepted business practices for the industry in which they work.	X		
	5	Provide tax-exempt invoices for repairs, parts, fuel, vehicles and all other products and services. The State is exempt from federal excise taxes and state and local sales taxes.	X		



MINIMUM BIDDER QUALIFICATIONS		YES	NO	Not Bidding
	(with IRS tax-exempt documentation from the State for vendors as required)			
<b>L</b>	<b>All Bidders: Contract Management and Performance Control</b>			
1	Provide quarterly reports that measure performance and include continuous review of the contractor's accomplishments versus State goals. Each report should include a follow-up review of the accomplishments since the previous report.	X		
2	Assume primary responsibility for the performance and costs of any subcontractors utilized to deliver products and services to the State. The State will not accept responsibility for communicating directly with subcontractors to resolve any deficiencies therein.	X		
<b>M</b>	<b>All Bidders: Contract Initiation and Termination</b>			
1	Develop a detailed implementation plan within 10 business days from the date that the contract is awarded to the successful bidder.	X		
2	Provide a staff member to direct and be responsible for the implementation of the program. This individual and any others necessary will conduct regular weekly reviews with the State during the implementation phase of the contract.	X		
3	Provide all data to the State in the format defined under the RFP specifications. All State data stored in the vendor system is owned by the State.	X		
4	Cooperate with any successor service provider (contractor or State agency) in the transfer of product or service contracts.	X		



**PRODUCT AND SERVICE PRICING**

All price proposal quotations must be bid individually by section. Services may be bid as stand alone single items, bundled (some or all products and/or services), or both. In all cases the pricing must be in the format provided below with individual sections priced separately (even when bidding them as a group). Your bid must clearly indicate whether you are bidding each item stand alone (meaning the state could award you any one item or all items you bid) or you are bidding them as a group only (meaning the award must be for all items you are bidding). If you are bidding items both stand alone and as a group with special pricing for the group of services; submit prices for both with headers clearly labeled. You may find the excel spreadsheet version of this appendix a helpful format for providing pricing.

Stand Alone Pricing

Group Pricing #1

Please complete in full all sections that you are proposing to provide services for.

**A VEHICLE SELECTION AND ACQUISITION**

1 Enter your company name. Wheels, Inc.

2 Enter all additions or subtractions from the Base Purchase Price for a new vehicle ordered from the factory. For all items added or subtracted from the Base Purchase Price, indicate if it is a percentage or dollar amount from the Base Purchase Price.

*Base Purchase Price is Dealer Invoice less all available fleet incentives, discounts, government assistance, advertising, & flooring/financing.*

Required\*

Dealer Invoice  
Less: Fleet Incentive  
Less: Advertising  
Less: Floor/financing

**Base Purchase Price**

Less: Manufacturer Holdback	Dollar amount specified on manufacturer's factory invoice, differs by vehicle, normally 3% of MSRP, typically less for foreign vehicles
Less: Manufacturer Distant Delivery Credits	Fixed dollar amount, differs by manufacturer and can change year to year
Plus: Actual Courtesy Delivery Cost (max \$150)	Charge from delivering dealer for courtesy delivery, only incurred on deliveries through dealers, fixed dollar amount by dealer, Wheels absorbs cost above \$150, Wheels 2004 average delivery costs for Michigan dealers: Chevrolet = \$90; Ford = \$92; Dodge = \$132
Less: Prep and Delivery Inspection	Credit from manufacturer for deliveries made to qualified prep centers; differs by manufacturer and changes year-to-year
Plus: Wheels Acquisition Fee	\$200 per vehicle



Appendix C

Final Stipulated Price	
3	<p>Enter your sample Capitalized Vehicle Cost for a 2005 Ford Taurus P53 FFV with no options.</p> <p>2006 Ford Taurus P53 FFV Capitalized Cost \$11591 - see added spreadsheet Tab (D) for detailed breakdown of pricing components</p>
4	<p>Enter the penalty calculation for terminating the lease prior to the minimum term.</p> <p>Early Termination Penalty Minimum Term equals 12 months, No charge for early termination</p>
5	<p>Enter pricing variances for vehicles acquired from your pool, a bailment or dealer stock and show all additions and subtractions from the dealer invoice.</p> <p>Pool, Bailment &amp; Dealer Stock Vehicles Pool or Bailment: same as #2 above; Dealer stock: purchase price + \$250</p>
6	<p>Enter fees or charges associated per vehicle for acquiring used vehicles to meet seasonal needs.</p> <p>Used Vehicle Acquisition Fee \$250 per vehicle for acquisition of seasonal vehicles on open-end leases, or alternatively, individually quoted monthly rates for seasonal vehicles on closed end leases</p>
7	<p>Enter the monthly management fee stated in terms of a flat rate for new and other-than-new vehicles.</p> <p>Monthly Flat Rate Fee \$5 until fully amortized; \$25 thereafter</p>
8	<p>Indicate how the effective billing date for each new vehicle is determined.</p> <p>Effective Billing Date Delivery Date is the date the State takes possession of the vehicle or 5 days following the effective date the invoice from the manufacturer is validated and paid, whichever is sooner. The lease begins the first day of the month following the Delivery Date. From the Delivery Date to the day the lease begins, the State will pay an amount equal to the first lease payment, pro-rated on a daily basis.</p>

Required\*

Required\*

<b>B VEHICLE FINANCING</b>																																				
1	<p>Enter your company name.</p> <p>Wheels, Inc.</p>																																			
2	<p>Enter the number of basis points above or below the interest rate index that will be used to calculate the interest rate for each lease term and <u>new</u> vehicle.</p> <table border="1"> <thead> <tr> <th colspan="5">New Vehicle Basis Points over Index</th> </tr> <tr> <th>Lease Term</th> <th>Passenger Car</th> <th>Light Truck</th> <th>Heavy Truck</th> <th>Tractor Truck</th> </tr> </thead> <tbody> <tr> <td>36 Months</td> <td>65</td> <td>65</td> <td>65</td> <td>65</td> </tr> <tr> <td>50 Months</td> <td>85</td> <td>85</td> <td>85</td> <td>85</td> </tr> <tr> <td>60 Months</td> <td>85</td> <td>85</td> <td>85</td> <td>85</td> </tr> <tr> <td>72 Months</td> <td>135</td> <td>135</td> <td>135</td> <td>135</td> </tr> <tr> <td>84 Months</td> <td>155</td> <td>155</td> <td>155</td> <td>155</td> </tr> </tbody> </table> <p>We assume it was inadvertent that the Book Value Formula in the RFP for Year 5 indicates a negative interest factor, and that the intent is that interest will stop at the end of the vehicle's amortization as is currently the case.</p>	New Vehicle Basis Points over Index					Lease Term	Passenger Car	Light Truck	Heavy Truck	Tractor Truck	36 Months	65	65	65	65	50 Months	85	85	85	85	60 Months	85	85	85	85	72 Months	135	135	135	135	84 Months	155	155	155	155
New Vehicle Basis Points over Index																																				
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84 Months	155	155	155	155																																

Required\*



Appendix C

3 Enter the number of basis points above or below the interest rate index that will be used to calculate the interest rate for each lease term and other than new vehicle.

Other Than New Vehicle Basis Points over Index				
Lease Term	Passenger Car	Light Truck	Heavy Truck	Tractor Truck
36 Months	65	65	65	65
50 Months	85	85	85	85
60 Months	85	85	85	85
72 Months	135	135	135	135
84 Months	155	155	155	155

4 Enter the interest rate per year based on the average remaining life applied to the buyout of all leased vehicles

Lease Buyout Interest Rate  
Wheels will refinance all existing leases at 3.3% annual interest rate and all other pricing terms in this bid response.

**C VEHICLE REMARKETING**

1 Enter your company name.

Wheels, Inc.

2 Enter the management fees associated with the remarketing of vehicles and describe the method of calculation.

Management Fee  
\$100 processing fee for vehicles sold by Wheels and \$50 processing fee for vehicles sold by the State.

3 Provide all other costs associated with the remarketing of vehicles.

All Other Remarketing Costs  
All other remarketing costs are netted against the selling price of the vehicle and reflected in the AMR guarantees below

Required\*

4 Enter the percentage of resale value as a percentage of AMR Clean Zone 1 adjusted for miles that you will guarantee to meet as an average sales price for State vehicles.

Vehicle Type	Resale Value AMR
Passenger Car	100% AMR or alternatively 103% AMR plus Wheels retains 25% of sale proceeds above 103%
Police Pursuit Vehicles	95% AMR Fair - assuming poor condition police vehicles are excluded from the guarantee on the same basis as passenger cars and trucks
Trucks	100% AMR or alternatively 103% AMR plus Wheels retains 25% of sale proceeds above 103%

**D VEHICLE MAINTENANCE AND REPAIR**

1 Enter your company name.

Wheels, Inc.

Pricing - Payment by 5th of the Month



Monthly Flat Rate Fee

- 2 Enter the flat fee per vehicle per month for maintenance repair management and processing. \$10 fixed fee per vehicle per month less all rebates earned which average roughly \$8 per vehicle per month across all of our maintenance clients. Additionally, we no longer charge for out-of-network purchases. Your net monthly cost for maintenance management should be \$1.70 less than the current contract monthly cost.

Required\*

- 3 Enter the average cost of having shops currently in your vendor network perform the following common vehicle maintenance and repair services:

**2004 Ford Taurus** (Equipped with automatic transmission, o.h.v., disc brakes front and rear, ABS, A/C.) Enter a breakdown of the cost of each service in each location by labor, parts, and other charges (if any).

**A. 30,000-Mile Service**

- Inspect Ball Joints
- Inspect Brake System
- Inspect Cooling system
- Inspect Exhaust System
- Inspect Parking Brake Operation
- Inspect Steering Linkage
- Inspect Suspension
- Replace Air Cleaner Element
- Replace Transaxle Fluid
- Replace Cabin Filter
- Replace Engine Oil and Filer
- Rotate Tires

Service A	Detroit	Lansing	Gaylord	Marquette
Total	no charge	no charge	no charge	no charge
Total	no charge	no charge	no charge	no charge
Total	no charge	no charge	no charge	no charge
Total	no charge	no charge	no charge	no charge
Total	no charge	no charge	no charge	no charge
Total	no charge	no charge	no charge	no charge
Total	no charge	no charge	no charge	no charge
Total	14.95	14.95	16.95	16.95
Total	75.80	75.80	39.95	39.95
Total	39.95	39.95	65.49	65.49
Total	19.95	19.95	19.95	19.95
Total	14.00	14.00	14.00	14.00
<b>Grand Total</b>	<b>164.65</b>	<b>164.65</b>	<b>156.34</b>	<b>156.34</b>

**B. Brake System Overhaul**

- Overhaul Calipers
- Replace Pads
- Clean, Lube, Replace Hardware as needed
- Inspect Master Cylinder
- (does not include time for matching rotors)

Service B	Detroit	Lansing	Gaylord	Marquette
Parts				
Labor				
Other				
<b>Total</b>	<b>\$ 269.00</b>	<b>\$ 275.00</b>	<b>\$ 240.00</b>	<b>\$ 210.00</b>

**C. Air Conditioning System Charge (partial, no system evacuation)**

- Pressure Test System
- Test for Leaks
- Test for Cooling

Service C	Detroit	Lansing	Gaylord	Marquette
Parts				
Labor				
Other				
<b>Total</b>	<b>\$ 29.99</b>	<b>\$ 35.00</b>	<b>\$ 24.99</b>	<b>\$ 24.99</b>

**D. Check Charging System**

- Perform Battery Load Test
- Test Regulator
- Test Alternator Output

Service D	Detroit	Lansing	Gaylord	Marquette
Parts				
Labor				
Other				
<b>Total</b>	<b>\$ 23.00</b>	<b>\$ 19.99</b>	<b>\$ 19.99</b>	<b>\$ 19.99</b>



**E. Perform Four-Wheel Alignment**

Adjust Front Camber, Caster and Toe-in  
 Check Rear Camber, Adjust Caster and Toe-in

Service E	Detroit	Lansing	Gaylord	Marquette
Parts				
Labor				
Other				
<b>Total</b>	<b>\$ 59.99</b>	<b>\$ 59.99</b>	<b>\$ 54.99</b>	<b>\$ 39.99</b>

**E VEHICLE ACCIDENT REPAIR AND CLAIMS MANAGEMENT**

Required\*

1	Enter your company name.	Wheels, Inc.
		<i>Monthly Flat Rate Fee</i>
2	Enter the flat fee per vehicle per incident for accident and collision repair management and processing.	\$105 per incident
		<i>Appraisal Fees</i>
3	Enter fees for professional collision damage appraisal services	No Wheels fees
		<i>Subrogation Fee</i>
4	Enter the fee for subrogation services.	No Wheels fees
		<i>Salvage Fee</i>
5	Enter all fees associated with the salvaging of vehicles.	We do not charge additional fees for salvaging vehicles beyond remarketing fees
		<i>Transport &amp; Storage Fees</i>
6	Enter all fees associated with the transport and/or storage of vehicles.	No Wheels fees
		<i>Driver Safety Programs</i>
7	Enter all fees associated with driver safety programs.	VHS Training: \$15.00 each CD Training: \$20.00 each



Appendix C

F. COMMERCIAL FUEL CARD																															
1	Enter your company name. <span style="float: right;">Wheels, Inc.</span>																														
<i>Program Fee</i>																															
2	Enter fees associated with your program as cents per gallon. <span style="float: right;">\$.020 per gallon</span>																														
Other Fees (e.g. implementation fee) <span style="float: right;">\$5 per vehicle one-time setup fee for state owned vehicles</span>																															
<i>Custom Reports</i>																															
3	Enter fees for generating custom reports. <span style="float: right;">No Wheels fees</span>																														
<i>Discounts, Rebates, Signing Bonuses</i>																															
4	Enter volume discounts, rebates or signing bonuses being offered in association with your card program. <span style="float: right;">Volume rebate paid quarterly based on average retail gasoline price during the quarter: &gt;\$2.10 per gallon - 70bp; \$1.60-\$2.09 per gallon - 30bp; &lt;\$1.60 per gallon - 0bp</span>																														
G. MANAGEMENT OF BULK FUELS AND FUELING FACILITIES																															
1	Enter your company name.																														
2	Enter your price for equipment that may be used in various scenarios associated with the tank monitoring installation and various site upgrades:																														
<table border="1"> <thead> <tr> <th></th> <th>Equipment</th> <th>Cost-Per-Module</th> </tr> </thead> <tbody> <tr> <td>a.</td> <td>Tank Monitor Including Site Fax Modem</td> <td></td> </tr> <tr> <td>b.</td> <td>4-Probe Module</td> <td></td> </tr> <tr> <td>c.</td> <td>Mag 1 Probe</td> <td></td> </tr> <tr> <td>d.</td> <td>4" Gas/Diesel Probe Installation Kit</td> <td></td> </tr> <tr> <td>e.</td> <td>4" Cap and Ring Kit</td> <td></td> </tr> <tr> <td>f.</td> <td>4" Riser Cap</td> <td></td> </tr> <tr> <td>g.</td> <td>Site Fax Modem</td> <td></td> </tr> <tr> <td>h.</td> <td>Phone Line Switching Device</td> <td></td> </tr> <tr> <td>i.</td> <td>Sump Sensor with Input Module</td> <td></td> </tr> </tbody> </table>			Equipment	Cost-Per-Module	a.	Tank Monitor Including Site Fax Modem		b.	4-Probe Module		c.	Mag 1 Probe		d.	4" Gas/Diesel Probe Installation Kit		e.	4" Cap and Ring Kit		f.	4" Riser Cap		g.	Site Fax Modem		h.	Phone Line Switching Device		i.	Sump Sensor with Input Module	
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<i>Blended Hourly Rate</i>																															
3	Enter your blended hourly rate for all professional services.																														
<i>Flat Monthly Fee</i>																															
4	Enter your flat monthly fee for the maintenance of the State bulk fuel facility locations included in Appendix A.																														

Optional - available stand alone for State owned vehicles but only if the State leases more than 50% of their vehicles from Wheels

\*Proposed pricing is premised upon the assumption that the State will utilize, at a minimum, these services.



	2005 Taurus 05P53
Base Vehicle (fleet/no options)	\$18,772
Freight	\$660
Dealer Invoice	\$19,432
CPA Discount	(\$7,120)
45d floorplan	(\$110)
15d floorplan	(\$18)
Base Purchase Price	\$12,184
Holdback	(\$635)
Wheels Acquisition Fee	\$200
Actual Courtesy Delivery Cost (max \$150)	\$92
Manufacturer Distant Delivery Credit	(\$250)
PDI	(\$42)
Stipulated Cost	\$11,519

Pricing - Taurus Price Components



# Wheels/Wright Express® gives you the most CONVENIENCE and CONTROL of any fleet card!

## FUEL

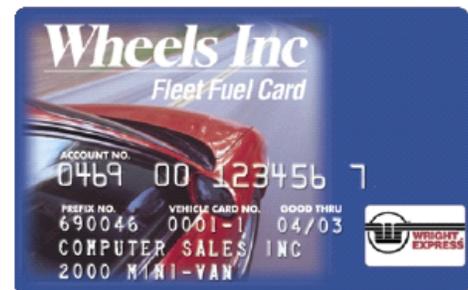
9 out of 10 fueling locations in the U.S. accept the Wright Express card.



Participating locations only. Limited Sinclair distributor participation.

- Aloha Petroleum
- B & B
- Bell Gas
- Brad Lanier Oil
- Bruce Henderson
- Camp Oil
- Capital City
- Cashion's Foods
- City Markets
- Coastal
- Co Go's
- Countrymart
- D/H Stores
- Day & Night C-Stores
- Dees Express
- East Coast Oil
- Edward's Oil
- Enmark
- EZ Serve
- Farstad Oil
- Faststop
- FKG Oil
- Freedom Oil
- Frost Oil
- Fuel 24
- Gallop Petroleum
- Gant Oil
- Gasamat
- GasAmerica
- Gasman
- Gasmart
- Gate Petroleum
- Global Petroleum
- Giant
- Go Mart
- Golden Gallon
- Growmark
- Hansen's IGA
- Highway Enterprises
- Johnson & Johnson
- Johnson's General Stores
- Junior Food Stores
- Keene
- Kenyon
- Keystone
- Kramer Oil
- Kroger
- Kum N Go
- Kwik Fill
- Kwik Shop
- LaSalle Oil
- Merit Oil
- Moak Petroleum
- Murphy USA
- MVP
- Nella Oil
- Pennzoil
- Petrol Mart
- Petrostop
- Petro South
- Plateau
- Pride Convenience
- Prima
- Pronto
- Pumper's Premium
- Pumpcontrol
- Quality Oil
- Quik n EZ
- Rally Stores
- RH Foster
- Rich Oil
- Riggins
- Rocket Oil
- Rutter's Farm Stores
- Service Oil
- Simonson
- Southwest Oil
- Stalker Stores
- Stop n Go
- SuperPumper
- Thriftway
- Trejo Oil
- Tri-Par Oil
- Total
- Town & Country
- Twin Cities Stores
- Unimart
- US Oil
- Uselton Oil
- Valdak Corp.
- Valero Energy
- WL Taylor & Son
- Wadleigh's
- Ware Oil & Supply
- Wareco
- Wawa
- Williams Capitol
- Worley & Obetz
- Wyoming Alaska Corp
- Zach Oil

For answers to questions,  
call us at 1-800-492-0669  
or visit our website at  
[www.wrightexpress.com](http://www.wrightexpress.com)





**Report Name:** Model Year Order Activity

**Requested by:** phillsman

**Requested on:** 03/30/2005 15:03:57

**Report Description:** Use this report to monitor purchase activity to track order count levels for incentives by vehicle model year.  
 Summary: Presents information on overall year to date order activity grouped by Manufacturer.  
 Detail: This report contains year to date order activity listing individual vehicles grouped by Fleet ID, then by Manufacturer.

<b>Report Contents:</b>	<b>Summary:</b>	<b>Summary:</b>
	<ol style="list-style-type: none"> <li>1. Client</li> <li>2. Manufacturer</li> <li>3. Make</li> <li>4. Year</li> <li>5. Total Units</li> <li>6. Stipulated Cost</li> <li>7. Book Value</li> </ol>	<ol style="list-style-type: none"> <li>1. Client name (e.g. Demo Co.). Field name reflects the highest level in your organization structure.</li> <li>2. Vehicle manufacturer (e.g. GM, Ford, Chrysler)</li> <li>3. Manufacturer brand (e.g. Buick, Mercury, Dodge)</li> <li>4. Manufacturer's vehicle model year (e.g. 2003)</li> <li>5. Total number of vehicles ordered</li> <li>6. Capitalized cost of the vehicle</li> <li>7. Current depreciated value of the vehicle</li> </ol>
	<b>Detail:</b>	<b>Detail:</b>
	<ol style="list-style-type: none"> <li>1. Client</li> <li>2. Fleet ID</li> <li>3. Structure</li> <li>4. Manufacturer</li> <li>5. Vehicle Number</li> <li>6. Model</li> <li>7. Year</li> <li>8. Driver Name</li> <li>9. VIN</li> <li>10. Delivery Date</li> <li>11. Stipulated Cost</li> <li>12. Book Value</li> <li>13. Months</li> </ol>	<ol style="list-style-type: none"> <li>1. Client name (e.g. Demo Co.). Field name reflects the highest level in your organization structure.</li> <li>2. Wheels client code identification (e.g. ABC)</li> <li>3. Client organizational level (e.g. Eastern Sales)</li> <li>4. Vehicle manufacturer (e.g. GM, Ford, Chrysler)</li> <li>5. Client's vehicle identification number (e.g. 251EN)</li> <li>6. Vehicle model and level (e.g. Taurus SE 4 Door)</li> <li>7. Manufacturer's vehicle model year (e.g. 2003)</li> <li>8. Driver's last name, first name</li> <li>9. Vehicle Identification Number</li> <li>10. Date vehicle went into service</li> <li>11. Capitalized cost of the vehicle</li> <li>12. Current depreciated value of the vehicle</li> <li>13. Number of months the vehicle has been in service or on lease</li> </ol>

**The following criteria was applied during the generation of this report.**

DIVISIONS: 3MS1 State Of Michigan

**The following thresholds are in effect in this report.**



**Fleet Management Services RFP  
07115200161 Addendum #1  
Questions and Answers from Pre-Bid Meeting/Conference Call  
Held on March 15, 2005**

**Questions about Pre-Bid Meeting**

- 1. Q: Is the purpose of the meeting today just to ask questions or will there be a presentation?**  
**A:** There will not be a presentation at today's meeting. This is an opportunity for bidders to ask questions. The RFP document contains the following information but is not limited to: Article 1, which contains background and specific requirements of the fleet management program, Article 2 which contains contractual terms and conditions, Article 3 is required to be completed by the bidder for bid submittal, and Article 4 contains information regarding bidders questions, evaluation criteria, bid submittal information. It is the vendor's responsibility to completely review the entire RFP document as well as Appendices A, B, and C.
- 2. Q: Can additional questions that we come up today or tomorrow be e-mailed in time to be issued in writing with the first addendum?**  
**A:** The intent of today's meeting is to have bidders ask all their questions today. There is an additional question and answer period where questions are due on March 24<sup>th</sup>. Bidders are to review the first posted addendum that was a result of the Pre-bid meeting questions. If the bidder still has additional questions, they are to be submitted in writing by March 24<sup>th</sup> at 3:00 p.m. EST. The second question and answer period is another opportunity for bidders to ask questions.

**Terms and Conditions Questions:**

- 3. Q: Once a winning bidder is selected will a lease contract be negotiated in addition to or will the terms and conditions outlined in RFP serve as the entire lease agreement.**  
**A:** There is no additional document for the lease agreement. The contractual terms and conditions (Article 2), certifications and representations (Article 3) and the bidders responses (Article 4) to the RFP specifications (Article 1) become the contract document. The specifications, terms and conditions in the RFP are firm and the State does not intend on entering into negotiations with bidders. Any exceptions or additions to the RFP specifications, terms and conditions need to be submitted to Laura Gyorkos via e-mail by the March 24<sup>th</sup> deadline.
- 4. Q: Under terms and conditions in the RFP section 2.304 you specify the State is exempt from sales and excise tax but don't make any mention of the Michigan Single Business Tax. Lessors in the State of Michigan pay substantial tax under the single business tax for any vehicles leased in Michigan. Will the State continue to prohibit lessors from passing through the Michigan Single Business Tax for vehicles leased in the State?**  
**A:** State practice currently does not provide for exemption of bidders from Michigan Single Business Tax. Exemption expected in this contract is for sales and excise tax only as specified.
- 5. Q: Will the State be indemnifying the lessor for all liability resulting from operation and possession of the vehicles?**  
**A:** The State will provide vehicle damage and liability coverage from time of delivery to the State site until time of pick up by the fleet management company or its agent. The State provides unlimited collision, comprehensive and liability coverage via a self-insurance program.
- 6. Q: Are there certain circumstances where the State would be in default under the agreement?**  
**A:** If the state failed to pay the vendor for services rendered in accordance with contract requirements, the State would be in default.
- 7. Q: What are the payment terms that are anticipated?**  
**A:** The payment terms are net 30 but the State encourages bidders to offer early payment discount terms in their bid responses.



**8. Q: In the terms and conditions section 2.701 in subsection 1) it indicates the State can cancel in the case of material breach by the contractor, but subsection 7) does not appear to apply to subsection 1). Is the State intending that the obligations listed in subsection 7 would not apply in that case?**

**A:** In the event of cancellation under subsection 1, the state obligations would be as identified in 7b except that any costs incurred by the state due to the cancellation shall be subtracted from any potential proceeds due to the lessor under the 7b.

**9. Q: Is there a termination clause in the RFP stating a period where the contract can be terminated by the supplier? Because there is one in there that states the contractor is obligated 270 days to keep providing fuel at the end of the contract if the state was not able to find someone else. Is there a termination clause on the supplier side?**

**A:** There is no vendor cancellation provision included in this RFP or the resulting contract. The vendor does not have an opportunity to cancel and is obligated for the life of the contract. The provision that states that the contractor is responsible for providing the product or service for 270 days is in the case of contract termination or cancellation by the State.

#### Fuel/Card Questions:

**10. Q: On Page 24, Section F Commercial Fuel Card #2, can you explain in more detail what that means? Is that taking into account any rebates from gas stations or is there another type of future rebate or discount you are referring to?**

**A:** The state wants the vendor to certify that the fuel costs being billed for fuel are equal to the costs the vendor paid for that fuel, net of any and all future rebates of any type from gas stations or related providers. Bidders receive payment for this service via the fees identified in their price proposal.

**11. Q: From how I am reading it, you are requiring that the card provider also get involved with on-site management. So the card would have to be accepted through your TRAK system? Do you have to bid on both of those? Is that correct?**

**A:** Bidders are NOT required to bid on both on-site management (section H) and commercial fuel card provision (section G). The only bidder requirement related to TRAK is that the bidders card be read by the TRAK system.

The commercial fuel card bidder is not required to capture the data from the State's TRAK equipment, nor pay or bill for any gasoline associated with the transaction. The card is utilized only to capture key vehicle identification information and data (e.g. # of transactions, type of fuel, date, time, VIN#, quantity obtained) for management reporting through the State's custom interface. The State handles securing and reporting of this data.

**12. Q: Are you sure that system is capable of working with different card types, and can dial out to a network?**

**A:** TRAK currently accepts Wright Express (WEX) credit cards. TRAK has stated that if the TRAK reader is not able to read a card because it does not have an option for a particular card on the "chip", they can get any credit card to work by programming a new chip that would need to be installed on site.

The system does not dial out. Rather, we have a computer on site at VTS that dials in 3 times per week via phone line. Data is downloaded through a custom interface to the Fleet Focus (M4) system for management reporting and internal agency billing purposes. As indicated above, the commercial card vendor does not have to access data from TRAK nor is it responsible for any related transaction processing for TRAK purchases from the state's bulk fuel tanks.

**13. Q: Will everyone using the fuel card be exempt from State tax?**

**A:** The state fuel card is used for official business of the State of Michigan. All transactions will be exempt from the taxes specified.

**14. Q: So all State agencies are exempt from State tax? Correct?**

**A:** Yes

**15. Q: Fuelman is the current retail provider for fuel. Is Fuelman also at any of the sites for any kind of site management?**



**A:** Fuelman is our current provider of card services for diesel fuel. The state currently has multiple card providers. Currently there is no contract for any kind of site management.

**16. Q: Who manages the cost charge back system back to your agencies?**

**A:** The state manages the cost charge back system to state agencies based upon an overall internal rate structure. Vendor bills are paid by Vehicle and Travel Services. The state will work with vendors to identify the data elements needed in the billing system to allow us to allocate costs appropriately.

**17. Q: Is that intended to go back out to the vendor to manage that (charge back system) externally?**

**A:** There is no requirement for the vendor to manage and process charge back systems to state agencies.

The RFP has asked in Article I, 1.1, B (Vehicle Selection, Acquisition and Replacement) #16 for vendors to share information on capabilities in this area. This area is one we wish to explore in the future. Specifications related to this and vendor fees associated with it would require an addendum to the RFP at some future date.

**18. Q: From the bulk site and the retail sites are your agencies billed by your card provider?**

**A:** No – bills are provided to VTS for payment and costs applied to our internal rate structure internally. See #14 above.

**19. Q: What is the age of the TRAK equipment at the sites?**

**A:** TRAK equipment is about 6 years old.

**20. Q: Is TRAK now managing the equipment now through their maintenance program?**

**A:** No, currently there is no ongoing preventive maintenance and repair contract. The state secures maintenance on an as-needed basis.

**21. Q: Do they also manage the WEX transactions gone through there?**

**A:** No. See #11.

**22. 20.Q: Is there any consideration to include bulk fuel in this program?**

**A:** Not at this time. The state has a separate contract for bulk fuel and recently secured bids for a bulk fuel contract; this contract will be awarded separately.

**23. Q: Our understanding of current law and regulations, although potentially subject to change, require that in order to exempt retail diesel products from federal excise tax, the law requires that only an ultimate vendor can claim diesel refunds. The IRS requires that the ultimate vendor has taken market risk and credit risk on the product.**

**A:** The State acknowledges that, under current law, the IRS requires federal excise tax exemptions be granted only to sales by registered ultimate vendors. In responding to the RFP, bidders requesting consideration as a provider of retail diesel purchases must describe how they will achieve ultimate vendor status for diesel sales and what methods they will use to ensure federal excise tax exemptions will be managed in compliance with IRS regulations.

**24. Q: Are State agencies going to be purchasing fuel out of the State?**

**A:** Yes, in small quantities.

**25. Q: If they do purchase fuel out of State, are they exempt from taxes in those states as well or are they just exempt from the Federal taxes? What is the volume for out of state gas purchases?**

**A:** In the last two months, there were 191 transactions out of state or 0.3% of total transactions. Federal tax was exempted but state sales tax was paid.

**26. Q: Do you anticipate the spend in fuel purchases to increase or decrease? Are there any other amounts that are not included in that spend?**

**A:** We do not anticipate any major changes in fleet operations that would cause significant changes in the amount of fuel consumed. This is based on our current knowledge of what is planned for the future. Changes in state business operations unknown to us at this time could, of course, impact future gas consumption.



The amounts provided represent vehicles management by Vehicle and Travel Services (VTS). The Michigan Department of Transportation owns and operates some vehicles separately from VTS, these vehicles are not included. Additionally, off road specialty equipment operated by various departments in state government is not part of the VTS fleet.

**27. Q: Under the minimum bidder qualifications, for qualifications and experience for commercial fuel card bidders, does the portfolio of vehicles need to be specific to government related vehicles?**

**A:** No

**Vehicle Lease Questions:**

**28. Q: Do you have any history on the percentage of new vehicles the State acquired in a year? Is a majority new, used, or lease buy-out?**

**A:** With a few exceptions, the State has historically secured only new vehicles. Used vehicles are something we wish to consider in the future. See #27 on lease buy-out.

**29. Q: Is the lease buy-out of existing leases something new that the State is considering doing?**

**A:** The state has not considered lease-buy out for purposes of owning the vehicles in the past, nor are we considering that as part of this RFP. The lease buy-out is considered for possible cost savings if all leases were held by one entity.

Since lease services are included in our current RFP, we are requesting pricing to buy out the leases from the current leaseholder. As indicated in the RFP, the State of Michigan may choose to NOT to exercise this option; in that event, the current leaseholder would continue to hold leases on existing vehicles. Only new vehicles secured would be leased from a potential new awarded lessor.

**30. Q: What do you mean by seasonal requirements?**

**A:** Please see page 2 of the RFP for specific information on seasonals. Seasonals are defined as short-term vehicle requirements, typically needed for less than a 12-month period. The state's peak need for seasonal vehicles is from April to June.

**31. Q: On page 22, Product and Service Pricing under section C Vehicle Remarketing, is there a provision for re-conditioning in the retail value guarantee you are looking for?**

**A:** The resale guarantee assumes there would not be reconditioning.

In consultation with the vendor, the State may authorize reconditioning in situations where resale value would be significantly enhanced.

The resale guarantee would not apply to "wrecked" vehicles, where damage and/or condition clearly establish the vehicle as not meeting AMR Clean standard.

**32. Q: Would the State consider buying re-conditioned fleet vehicles as opposed to buying used cars?**

**A:** The State will consider any "other than new" vehicle, including re-conditioned fleet vehicles.

**33. Q: Will the State be assuming responsibility for all vehicle-operating costs? i.e. maintenance**

**A:** Yes.

**34. Q: Given that most of the vehicles will remain in service after they are fully amortized, where in the bid response to indicate what the monthly fee is for fully amortization?**

**A:** In Appendix C – Pricing

In (A) Vehicle Selection and Acquisition #7 requests the monthly management fee for new and other than new vehicles. If the monthly management fee changes after the vehicle is fully amortized, that should be detailed here as well.

In (B) Vehicle Financing, if there is a fee for fully amortized vehicles, it should be identified at the end of section (B).



**35. Q: Can you define in the financing what the US Treasury bill maturity is that you are looking for the financing index?**

**A:** The 2-year Treasury constant maturities rate, Nominal 10 - 2 year, is the index to be utilized.

**36. Q: Is there an assumption that the contractor is going to manage the titles at the vendor's location?**

**A:** Yes. Vehicles are titled to the lessor and maintained their location in accordance with the RFP specifications.

**37. Q: In Article 1, you mention that the maintenance expenditures for the recent 12- month period were \$8.4 million. Do you have a breakdown of the locations where amount was spent? Do you have the percentage breakdown? i.e. National account vs. independent vendor**

**A:** Appendix A details the distribution of vehicles domiciled in each county. For calendar year 2004, excluding collision, the state utilized national account vendors for 20.26% of maintenance transactions.

**38. Q: Does the State anticipate the lessor will be the owner and titleholder of the vehicles?**

**A:** Yes

**39. Q: We would only be bidding on the accident management portion, and through that service we could provide rentals. Would the State consider using rentals through our system?**

**A:** The maintenance provider and/or the accident/subrogation provider may provide rental vehicles to drivers when VTS vehicles out of service for a period of time. The cost of these rentals will be charged directly to the driver's department by VTS. As a result, separate billing documentation for rental vehicles must be available.

The provider must have a strategy for managing the costs for rental vehicles to the repair. Please describe your operating strategy when responding to RFP specifications in Article 1.

**40. Q: Re-marketing – The RFP specified the use of AMR as a wholesale guidebook price reference. Is that a mandatory requirement or is there any room for using other documents as an industry reference for that?**

**A:** It is mandatory for purposes of the RFP submission.

After contract award, the awarded bidder may propose an alternate guide reference. The state would consider the proposal and authorize the change (and conversion of the guarantee percentage) only if it determines it is in the State's best interest to do so.

**41. Q: Are there any agencies not going to be included in this RFP? i.e. MDOT**

**A:** By statute the Department of Management and Budget, Vehicle and Travel Services (VTS) provides for the State of Michigan's vehicle fleet needs. Only the Michigan Department of Transportation (MDOT) is authorized to separately own and operate vehicles. Currently the MDOT does own and operate vehicles independently from VTS. These MDOT vehicles are not included in the RFP. MDOT does lease certain light duty vehicles from VTS as well; these are included in this bid.

### Customer Service Questions

**42. Q: On page 90, Section G, number 13, did you want this service to be 24x7?**

**Question clarified as: What is the requirement for customer service for Commercial Fuel Card services (page 89: items 13 and 15)?**

**A:** For item 13, the state requires on-line, real-time access for card management services during normal business hours defined as 7 AM to 6 PM Monday through Friday. For item 15, the state requires 24-hour customer service assistance 7 days a week.

**43. Q: On #18 of the same section, does the State want a phased in approach over 30 days or just a mass drop?**

**A:** The state wants the capability for a vendor to deliver cards within 30 days of contract award but may determine, in consultation with the vendor, to transition in card delivery.

**44. Q: In the customer service part regarding on-site training and participate in advisory board meetings, what are the time requirements anticipated for those activities? Where will these activities take place?**



**A:** Vendors are expected to train central VTS staff, located in Lansing, on the services and systems provided in support of the contract award. Time estimates may vary depending on systems used, reports generated and transition issues that arise. It is expected that significant time may be expected initially to support contract implementation if a new vendor is selected, however, ongoing training expectations would be dependent upon operational issues as they arise. In general, vendors will not be expected to train individual drivers or departmental personnel. A fleet advisory board will be established and is expected to meet quarterly for approximately 2 hours per meeting.

**45. Q: On page 89, items number 11 and 12, how would you envision the notification to come? I.e. e-mail, phone. Are these notifications from a central person or by a single cardholder?**

**A:** The state desires to be alerted affirmatively if an exception exists to stated parameters, either through an e-mail or phone notification process. Notification that points to a web site location for detail is sufficient. Notification will be to a central point in VTS.

**46. Q: Would on-line access where you can get notifications yourself, be an option?**

**A:** See #42 above.

**47. Q: Do you want to access reports via a web site or do you want a pro-active initiation of something that comes back that says these were outside of the prescribed criteria? How far after the fact do you want these notifications?**

**A:** See #42 above. We would want daily notification based on certain prescribed criteria (e.g. exceeding card transaction limits or daily dollar limits). Monthly detail and summary reports would also be required for other types of prescribed criteria.

**48. Q: Is there currently a service level agreement as part of the contract or is that something the State may want to enter into?**

**A:** There is nothing titled service level agreement in this RFP, however, the bidder's proposal as a response to the RFP requirements will become contractual obligations. See questions #3

**49. Q: If there were service level agreements as part of the contract, would it be monitored on a quarterly basis or would it need to be escalated to include penalties if performance goals were not met or share in savings based on achieving savings targets?**

**A:** Reporting on requirements defined in the RFP, along with management information report content, will be determined via discussions between VTS and the contractor.

#### **Notes to Bidders:**

1. A second addendum with additional questions and answers is expected to be posted in the next few days. The State will continue to respond to questions submitted by bidders. Please check the DMB Acquisition Services website daily for answers to questions being submitted in writing.
2. **March 24, 2005 at 3:00 p.m. EST** is the last opportunity for bidders to ask questions. Bidders are to review Addendums #1 and #2 before submitting additional questions by the March 24<sup>th</sup> deadline.
3. Bidders are to submit their exceptions to the general terms and conditions, as well as additional questions in writing via e-mail to Laura Gyorkos by the March 24<sup>th</sup> deadline.
4. All addendums containing questions and answers shall be posted on the DMB Acquisition Services website by **March 29, 2005**.



**Fleet Management Services RFP  
07115200161 Addendum #2  
Additional Questions on Fleet RFP Received as of  
Thursday, March 17, 2005**

1. **Q: We had one quick question that we were unable to address during the recent conference call. In reference to the vehicle financing portion of the RFP, is it the State's intent to finance vehicle acquisitions under a lease purchase agreement, whereas the State would own the vehicle at the end of the financing term, or is it the State's intent to finance the vehicles under an operating lease, whereas the State would not retain ownership at the end of the financing term? Any and all information would be appreciated.**

**A:** It is the State's intent to finance the vehicles under an operating lease, whereas the State would not retain ownership at the end of the financing term. In Appendix B bidders are required to formally certify that the lease is classified as an operating lease under FASB13 guidelines.

2. **Q: The language within this bid may contain certain "terms, terminology, language and/or other criteria" exclusive to one fleet management provider. Can substitute but equivalent terms be provided without disqualification? (clarifying) As written, this bid may require a company to conform to a way of operating that we may not necessarily be in the best interest of the State or Enterprise. One particular example and specific to my question on terminology is: B) Vehicle Financing- it requires any bidder must conform to a 50 month, 2% depreciation step down method of calculating depreciation, interest, and book value. Further, it dictates a money cost basis based on the T-bill, which assumes a floating interest cost. While this may follow the model set forth by the current fleet management provider and allow some consistency for valuation purposes, there is some debate on whether this is the best and most cost effective way. My question simply asks if other terms/formulas etc. can be substituted if similar in nature? Or will such suggestions be cause for disqualification?**

**A:** The terminology and specifications relative to depreciation and interest index are not the "model set forth by the current fleet management provider". Rather, they are the terminology and specifications chosen by the State. Terms and formulas cannot be substituted in the bid for purposes of bid evaluation. That is, unless a specific request is made in advance and approved via an addendum issued by Acquisition Services, any substitution of indexes, formulas etc would be cause for disqualification.

However, bidders are given opportunity to make suggestions for alternatives as in Article 1, 1.101, Step 2, C (Vehicle Financing) #5.

3. **Q: Has the State considered having a primary and secondary provider, both approved by the State as passing a similar "litmus" test? Many organizations have used this method to insure an ongoing competitive environment. Further, it may allow associated entities (in this case cities, counties or other local governmental agencies) the ability to chose a provider more suited to their needs.**

**A:** For this particular RFP, the State is NOT considering primary and secondary providers for each service. This is a very complex RFP written to meet the requirements of the State's fleet operation.

4. **Q: Was there a "steering committee" or "consulting group" used to formulate the bid?**

**A:** The State of Michigan prepared this RFP with the assistance of a fleet consulting firm, Mercury Associates Inc. Prior to this, the State utilized a steering committee of customer departments and various sub committees and groups to obtain input on customer needs and industry practice.

5. **Q: Will the State Contract allow all cities, counties or other local governmental agencies to share in the State leasing and/or fleet management program? If so, will there be any restrictions?**

**A:** Bidders are asked in Article 3 to indicate if they choose to extend a resulting contract to Extended Purchasing Members. Bidders should be advised that the State, its departments, employees and purchasing agents, in their personal or official capacities, do not assume any responsibility and are not liable for the accountability of funds expended hereunder by the Extended Purchasing Member, the issuance or non-issuance of any purchase order by



the Extended Purchasing Member, or any other action or inaction taken by the Extended Purchasing Member as a result of the Extended Purchasing Program or MiDEAL.

**6. Q: Please state number of separate bills to be generated as a result of this contract if all services are awarded to one supplier?**

**A:** One bill for all services. The bill must provide summary and detail data as requested in the RFP.

**7. Q: Will the State not require a paper bill if invoice and billing data is to be sent electronically?**

**A:** The State will not require a paper bill if invoice and billing data can be sent electronically. Electronic files that are generated must provide detailed billing information and be in a format that can be sent via FTP to the State. It is not sufficient to provide view only access to a web site.

**8. Q: Please state number of separate fleet contacts there will be for each service? (e.g. one central contact, agencies, or offices, offices?)**

**A:** The main contact for all services will be with DMB Vehicle and Travel Services (VTS). The State will expect its vendor(s) to consult with other State agencies on specific needs (for example, upfitting requirements, patrol cars, etc) on an as-needed basis through coordination with VTS.

A. VTS maintains fleet contacts in each state agency and provides the primary coordination and communication to these agencies.

B. This response does not include contact with individuals for maintenance and accident services. In these cases the drivers are contacting the call centers direct.

**9. Q: Please state if the State will operate under one repair/replace policy for Vehicle Accident Services.**

**A:** The State has basic guidelines for repair/replace decisions, but will expect the vendor to make recommendations on both the general guidelines and specific circumstances where warranted.

**10. Q: For interim/replacement vehicles as a result of accidents, will the State rent vehicles through the contractor and its rental agreement?**

**A:** Yes. See response to Question # 39, Addendum #1.

**11. Q: Will the State purchase tires and replacement glass/repairs under this contract?**

**A:** Yes, however the State retains the right to utilize its owns contracts where more cost effective. The State would expect the vendor to process billing etc regardless of the source of the item price.

**12. Q: Please explain the State's intent to buy out existing leases and finance under new contractor?**

**A:** The State will evaluate the option of buying out existing leases and moving them to the newly awarded bidder. See also response to Question 29, Addendum #1.

**13. Q: 2.001 GENERAL PURPOSE D) E) & F) Repair**

**Please explain the statement that repair/fuel costs are net of any actual or intended or future rebates from third parties. Is the State of MI requiring that contractors not retain commissions from vendors? If that is the intent, that requirement would exclude this bidder and most available bidders to the State. Would the State consider waiving this requirement and/or allow bidders to take exception?**

**A:** The State is requiring that bidders stipulate that the price charged to the State for the repair/fuel cost is what is paid to the gasoline vendor. The bidder is free to bid any amount for fees associated with their program. So any "commissions" a bidder wants to retain and additional fees and charges required can be combined and identified as part of the fee identified in the price component. The State is not requesting information on what or how the vendor prices their service to the State. If after this response you still believe the method requested is exclusionary, please provide the State an explanation of why, and recommend an alternative method for consideration.



**It is not the State's intention to exclude any bidder. The State requests that all bidders who believe the method excludes them from bidding submit a response to the above.**

- 14. Q: 2.001 F) "The State will pay for the direct cost of fuel purchased that is processed by the successful bidder without additional markups and net of state and federal sales or excise tax." It is not possible to provide billing net of federal excise tax at all fuel locations; most locations do participate in this bidders program, but not all. Would the State consider waiving this requirement and/or allow bidders to take exception?**

**A:** The State recognizes that some locations are not exempting federal excise taxes (for example, Marathon Oil). Bidders should indicate any known exceptions.

- 15. Q: Commercial Fuel Card: It is not possible to provide information on the discount or rebate programs that this bidder indirectly benefits from. It is proprietary information between the fuel seller and processor and the information is not available to this bidder. Would the State consider waiving this requirement and/or allow bidders to take exception?**

**A:** The State is not requesting information on discount or rebate programs. Please see response to # 13 above.

The meaning of your reference to "indirectly benefits" etc. is not clear to the State. The State is only asking that you certify the cost for the product is what you pay for the product. If after this response you still believe the method requested is exclusionary, please provide the State an explanation of why, and recommend an alternative method for consideration.

**It is not the State's intention to exclude any bidder. The State requests that all bidders who believe the method excludes them from bidding, submit a response to the above.**



**Fleet Management Services RFP  
07115200161 Addendum #3  
Additional Questions on Fleet RFP Received as of  
Thursday, March 24, 2005**

The State of Michigan offers the following additions and clarifications to the subject RFP:

***Addition:***

Article 1.6 Compensation and Payment A) VEHICLE SELECTION AND ACQUISITION, Item #4

*Add the following:*

"The State reserves the option to purchase said vehicle from the lessor at the price of the remaining agreed upon residual value subject to any termination penalties described in the contract."

***Correction and Exceptions to Appendix B - Minimum Bidder Qualifications:***

- 1) The commercial fuel card requirement in G2 should read 50,000 vehicles (which is consistent with A5), not 5,000.
- 2) The requirement for 1500 fuel facilities (G5) does not apply to diesel fuel, only to gasoline. See question 10 below for diesel fuel requirements.

***Clarifications on Appendix C - Pricing:***

- 1) When entering price information on A2, bidders are expected to only provide their additions and subtractions from the base price (Note: a base price formula is defined by the State. This formula and the additions and subtractions submitted by the bidder will be utilized to establish the capitalized cost for each vehicle leased by the state during the contract term). The excel version of the price sheet has blanks for dealer invoice, fleet incentive, advertising, floor financing and base price. Bidders are NOT expected to fill in these sections; they are provided as a reminder of what makes up base price. Bidders are only expected to enter their additions and subtractions to base price.
- 2) When entering price information on G2, both the cost of the item and the markup percentage should be entered (e.g. \$100 + 10%).

***Corrections to Article 2.4 Contract Review and Evaluation***

**2.401 CONTRACT COMPLIANCE INSPECTOR**

*Correct Rose Wilson's phone number to read the following:*

Rose Wilson  
Department of Management and Budget  
Agency Services, Vehicle and Travel Services  
P.O. Box 30026  
6951 Crowner Dr.  
Lansing, MI 48909  
(517) 322-5005  
[WilsonR@michigan.gov](mailto:WilsonR@michigan.gov)

**CLARIFICATIONS**

TERMS AND CONDITIONS:

The state's terms and conditions are as described in the RFP and Addenda. **No other agreements will be included and/or substituted for the State's stated terms and conditions. (For example: bidder's lease agreement)**

The State does not intend on re-writing contractual terms and conditions included in the RFP. Unless specified in one of the addenda, the bidder should assume the State has NOT agreed to any exceptions to the State's terms and conditions submitted by the bidder. However with the awarded bidder, the State may review any key issues the bidder has with the State's terms and conditions individually if necessary.

Questions from Bidders:

1. **Q: On page 87 #2, does the 10,000 units funded comprise vehicles that were funded via an authorized dealership during the past year, 2,5,10, life... years? In other words, what is the duration that the 10,000 units should have been funded. This answer will determine whether or not DCX has dealers that meet the criteria to present a responsible bid.**



**A:** The State is seeking to lease vehicles, not purchase them. The bidder must demonstrate that it currently provides acquisition services to a portfolio of at least 10,000 leased and/or managed vehicles.

**2. Q: Based on the consulting company's investigation, does the State believe that various dealers i.e. DCX, Ford, GM, and the other services offered by various management companies will provide the same level of efficiency that has been experienced from a leasing company over the past several years?**

**A:** The State is allowing all qualified bidders to bid on services that match their expertise.

**3. Q: Is the State prepared to provide resources required to fund and manage a debundling of services?**

**A:** The State recognizes that multiple contracts offer management complexity. This will be taken into consideration as outlined in the bid document. The Department of Management and Budget, Vehicle and Travel Services division will manage the resulting contract(s).

**4. Q: Will the Co-op / "piggy" back option be available to local government agencies from this bid whether services are bundled or debundled?**

**A:** This option is the bidders choice, regardless of whether it is bundled or unbundled. See Addendum #2, Item 5.

**5. Q: Is the State requesting "purchase" quotes as well as lease quotes?**

**A:** The State is requesting a pricing formula quote for leasing vehicles only. State purchase of vehicles for MDOT, municipalities and other local entities are bid separately.

**6. Q: Can you provide me a list of the attendees from the pre-spec meeting?**

**A:** Please refer to the last page of this document for a list of attendees at the Pre-Bid meeting/conference call.

**7. Q: The Services manager responsible for our municipality lease program needs to know the following: How many units are we speaking of?**

**A:** The State currently leases approximately 7,800 vehicles. The contract is for new leases in the future. Historically about 1000 new vehicle leases are secured each year. The contract also requests pricing for buying out existing leases. The number of vehicles involved in leasing to municipalities, if any, is unknown. Historically municipalities have not leased vehicles off this contract.

**8. Q: What is the requested term of the lease?**

**A:** Lease terms will vary by vehicle selected and anticipated useful life. Specific terms have been identified in the bid document in Article 1-1.6B Vehicle Financing.

**9. Q: #3. "Refers to the sample Capitalized Vehicle Cost for a 2005 Ford Taurus P53 FFV with no options". Is the expectation that Daimler Chrysler should respond to this as it relates to our comparable unit the Dodge Stratus and/or Chrysler Sebring that is available in FFV as well?**

**A:** No. The purpose of having a bidder price the subject vehicle is to show **an example** of the vehicle pricing formula that involves both the State pricing requirements as specified and the bidder's adds and deletes per the bid instructions. This is simply our means of ensuring that both the bidder and the State have a clear and complete understanding of the method that will be applied in pricing all vehicles the state may lease in the future. Bidders for selection and acquisition are required to prepare vehicle "selectors" for the state each year that include vehicles from GM, Ford, and Daimler Chrysler. Therefore, any bidder must be capable of pricing any manufacturer's vehicles. The Ford FFV is chosen as the example for the bid and only that vehicle is to be used for this purpose.

**10. Q: We are not planning to bid on the contract because we do not meet the minimum bidder requirements for sites (we're not even close) and we are not certified with TRAK. Please let me know if you suggest we submit a bid anyway. I believe that once the State goes through the process we may still be the best solution for diesel. Based on that, I have the below questions:**

**As it relates to our existing contract: What is the maximum number of annual renewals that can be issued for the existing contract with Fuelman?**



A: The State will amend Appendix B, Minimum Bidder Qualifications as follows:

Item G5: "Retail gasoline providers: Provide a minimum of 1,500 Michigan commercial fuel facilities that have additional car wash, and maintenance service facilities capable of transmitting Level III data. The State requires a minimum of five sites in each of the separate counties to be open 24x7.

Retail diesel fuel providers: Provide a minimum of 700 Michigan commercial diesel fuel providers capable of transmitting Level III data. "ItemG17: "Gasoline fuel card providers must provide a fuel card compatible with existing TRAK equipment used a current bulk fuel dispensing sites owned and operated by the State.

*Bidders bidding both retail gasoline and diesel fuel card services must meet requirements for both types of services.*

*Two additional 1-year renewals exist on the current diesel fuel card contract that expires October 1, 2005. Renewals are at the State's option.*

See Addendum #1, Question 12 for additional information on TRAK requirements. If bidding retail diesel only, TRAK certification is not required.

**11. Q: As it relates to the ITB: If the State determines that no vendor can satisfy that State on a portion of the ITB (e.g. tax exempt diesel sales), does the state have the option to continue with its existing vendor(s) and how long can it do so?**

A: If no vendor can satisfy the tax exempt diesel sales issue, the State reserves the right to seek other options, including not awarding a contract under this bid for card services, retaining its current contracts with existing vendors, extending the current contracts with existing vendors, re-bidding retail card services, or re-bidding card services for diesel purchases only.

**12. Q: Article 1: Analysis Process for Price Scoring**

**E) Vehicle Accident Repair and Claims Management #2. Bidders must certify that their repair costs are net of any actual or intended or future rebates from third parties. Does this mean that the repair costs actually billed to the State must be the net repair costs?**

A: Yes, the State wishes to base pricing on net repair costs. The bidder may then add its management/service fees to the net cost for final pricing. If billing systems prevent unit billing to occur net of rebates, commissions, etc., the bidder must propose a method to identify any rebate charges in excess of net repair costs on a regular basis (e.g. monthly, quarterly). Such an approach must be include certification that final charges are net of any actual or future rebates from third parties and is subject to post-audit.

**13. Q: #3 Provide a flat fee per vehicle per incident for accident and collision repair management and processing. The cell label on Attachment C (Section E – Vehicle Accident Repair and claims Management) says "Monthly Flat Rate Fee". Please clarify if the State is looking for a monthly flat fee per vehicle regardless of the number of incidents occurring, or a flat service fee that will apply to all incident claims as they occur?**

A: The monthly flat fee is per incident as specified in product and service pricing 1.6 E3.

**14. Q: APPENDIX C – Pricing**

**Section E - Vehicle Accident Repair and Claims Management  
Is tiered pricing based on severity acceptable?**

A: Bidders may submit both the requested single flat fee and a tiered pricing option outlined below. The State may choose either version to determine bid award and after consultation with the winning bidder, may choose either option to be applied.

- 1) Enter the flat fee per vehicle per incident as required in the specifications Appendix C – E2
- 2) Enter an alternative tiered pricing approach. Note: Any tiered pricing based on severity must clearly define severity in concrete terms that are easily identifiable and leave no room for interpretation.

**15. Q: Is tiered pricing based on vehicle type acceptable?**

A: Only as an option as defined in 14 above.

**16. Q: Can we quote on glass-only claims?**

A: Only as an option as defined in 14 above.

**17. Q: Article 2 – General Terms and Conditions****2.7 Remedies****2.701.1.1 Cancellation**

**Can we add a termination clause to cancel in the event of non-performance, violation of contract terms by State of MI, etc.?**

A: No. An additional term will not be added to the cancellation provision. However see Addendum 1, item 6. All addendum responses become part of the contract awarded.

**18. Q: Can you confirm that all of the questions and answers in the Addenda issued to the ITB will become part of the contract and, to the extent of any conflict, supersede the original terms and conditions?**

A: Yes. All questions and answers issued in an addendum are included in the resulting contract and supercedes the original specifications, terms and conditions if a modification is included in the addendum.

**19. Q: Cover Page/Invitation to Bid (Form DMB-285). This form does not appear to be included with the RFP materials. Is it available for download?**

A: Please click on the link below for all bid related documents.

[http://www.state.mi.us/dmb/apps/oop/purchasing\\_user.asp?frm=itbs&cmd=list&cat\\_id=-1](http://www.state.mi.us/dmb/apps/oop/purchasing_user.asp?frm=itbs&cmd=list&cat_id=-1)

**20. Q: 3.307 A: The Contractor's insurance as to the leased vehicles should not be primary coverage.**

A: The Liability Insurance requirements in Article 3 remain unchanged. See Addendum #1 question 5 response to address your issue.

**21. Q: 3.308 B: This RFP is titled Fleet Management Services, so our assumption is that this refers to products, not services, and therefore does not apply. Is this correct?**

A: It is the bidder's responsibility to review, determine, and indicate which provisions in Article 3 are not applicable. If the bidder does not manufacture any product, it can be assumed that this provision would not apply.

**22. Q: 3.504: If we meet the criteria of the section above the signature line, does that mean we're considered a Michigan business for purposes of completing the second portion of this section? If not, what else is required to qualify as a Michigan business?**

A: If one or more of the three items are checked, the bidder is considered a Michigan business.

**23. Q: 2.302: The State's responsibility for operating costs of the vehicle, as acknowledged in Addendum #1 Question 33, should be reflected here.**

A: We concur the response in Addendum #1 Question 33 relates to the requirements in this section. Additional language is not needed, as all addenda will become part of the contract.

**24. Q: 2.305: To be revised regarding the State's liability as clarified in ITB Addendum #1 Question 5. We concur the response in Addendum #1 Question 5 relates to the requirements in this section.**

**Q: Contractor will indemnify the State for our gross negligence or willful misconduct. The indemnification procedures should be mutual.**

A: There will be no change in the State's Indemnification language in Article 2.



**25. Q: 2.311: This section should not apply in the case of termination due to default by the State.**

**A:** The provision states “canceled for any reason” so it would also include default by the State. Article 2.311 will remain unchanged.

**26. Q: 2.504: General Warranties (goods): The Contractor warranties the services we provide, but as we do not manufacture the goods, we assume that we’re not expected to warranty them.**

**A:** This is correct. You are expected to ensure that the warranty provided by manufacture of the product (e.g. vehicles) is passed to the State.

**27. Q: 2.701: We request the addition of a provision regarding default by the State in the case of non-payment or failure to meet obligations under the contract.**

**A:** See question 17 response above.

**28. Q: 2.701(7): We assume that the provisions of the TRAC language are intended to apply regardless of the reasons for the contract ending (termination, expiration, etc.).**

**A:** If by TRAC language you mean the language in item 2.701 (7), the language applies to cancellation in items 2-6 of the section, to item 1 in the section as specified in the section and as modified in Addendum 1 #8, and when the contract expires. However, the provisions of 2.701.7a., which prevent replacement of vehicles leased for less than 365 days, will not apply at contract expiration.

**29. Q: 3.006: Contractor will extend terms and prices to Extended Purchasing Program members subject to reasonable credit and liability review.**

**A:** Bidders can indicate in Article 3.006 any conditions of the bidder's willingness to extend prices and terms through the Extended Purchasing Program.

**30. Q: The following is already agreed to in the current contract, and we assume the State will want this incorporated into the new agreement:**

***“The State reserves the option to purchase said vehicle from the lessor at the price of the remaining agreed upon residual value subject to any termination penalties described in the contract.”***

**A:** Yes. See the addition on page 1 of this addendum.

**31. Q: AMR does not provide an AMR Clean benchmark price for police pursuit vehicles. How do you intend to do the resale guarantee calculation, or will these vehicles be excluded from the resale guarantee?**

**A:** This answer will be posted as a separate addendum within the next few days.

**32. Q: In your answer to Q&A Addendum #1 Question 4, you indicate that bidders are not exempt from paying the Michigan Single Business Tax. Can you clarify if bidders can pass this tax through to the State of Michigan or not?**

**A:** Bidders may not pass through this tax to the State directly. Taxes paid by bidders are a cost of doing business. Bidders may include any cost they deem appropriate in calculating their fees to be charged for services identified in this RFP.

**33. Q: In reference to Q&A Addendum #2 Question 13, we earn some vendor rebates as an end-of-year bonus based on volume purchasing, not directly attributable to any specific repair, vehicle or client. Would the State consider that part of the net cost of repair, and if so, we propose the State accept a portion of that rebate based on the State’s individual volume.**

**A:** Under the terms of this bid, all rebates are considered above the net cost of repair. In the circumstance described here, the State would require 100% of the State’s share of the rebate be returned, once the end-of-year bonus is calculated, based on the State’s proportionate volume contribution to the total rebate award.



**34. Q: Is the current card used at the State owned facilities a proprietary card or is it a Mastercard/Visa product?**

**A:** The State currently utilizes the WEX (Wright Express) card at its state-owned facilities. This is a proprietary card.

**35. Q: Are there two separate non-diesel fuel cards? One for State owned sites and the other for retail purchases?**

**A:** No, the same card is used at State-owned sites and for retail purchases.

**36. Q: Our understanding is the State purchases bulk fuel for State owned fueling sites and allows access to those sites via a card activated TRAK system which captures vehicle and transaction data. Is this correct?**

**A:** Yes. See Addendum 1 #11 for additional information

**37. Q: What does "RESERVED" mean in 1.102, 2.502, 2.503, 2.508 and 2.703?**

**A:** These provisions have been deemed non-applicable for this RFP.

**38. Q: The checklist requires Form DMB-285 to be submitted with our proposal. Where can this form be found?**

**A:** Refer to Question and Answer #19 in this addendum.

**39. Q: 1.002 Background: Of the accidents reported, please state the number or percent of vehicles actually repaired.**

**A:** In fiscal years 2003 and 2004, the State incurred 3,403 claims for accident repairs. Of these, 91% were repaired.

**40. Q: Using the 2005 model year, please state the dollar amount in each vehicle category type that is attributed to special upfitting which is to be financed under this leasing arrangement.**

**A:** Upfitting charges are billed to the State as part of the vehicle's total stipulated cost. As a result, the State cannot provide you with a specific dollar amount for model year 2005 by vehicle type. We can offer that from September 2003 to October 2004, the State spent \$742,365 in upfitting. Additionally the attached file details the current charges for various upfit packages that the current contractor secures via Canfield Equipment Services Inc.

**41. Q: Please state VTS's purchasing history for model years 2003, 2004, and 2004 by for each vehicle type and state average acquisition cost.**

**A:** The State has not compiled this information for model years 2003 and 2004. For the past two years, the State has operated under executive orders reducing fleet size and limiting new order placements. The attached spreadsheet provides information on 2005 model year actual and projected costs. The average can be calculated by dividing total cost by total units in each category.

**42. Q: Does the State receive special incentives from the motor car companies, and are they credited on the motor company's invoice, or does the State Receive a special bill?**

**A:** The State receives invoices net of all governmental and other incentives provided by motorcar companies.

**43. Q: Appendix B: Record keeping, 2: please explain requirements regarding ODBC compliant systems.**

**A:** **Open DataBase Connectivity, a standard database access method developed by the SQL Access group in 1992. The goal of ODBC is to make it possible to access any data from any application, regardless of which database management system (DBMS) is handling the data.**



**44. Q: Appendix B Maintenance, 7, please state the anticipated volume in dollars that the state expects at State-operated maintenance facilities.**

**A:** The State maintains one State-operated maintenance facility. In FY04, the State processed 5,965 work orders (20,248 task codes) amounting to \$1,866,440.

**45. Q: General Purpose D, E, & F**

**We are concerned about the state's requirement that we bill the state net of any "commissions" from third parties. For the purposes of this bid, it is not possible to engineer and design a new billing system that will bill the state for what is actually paid for repairs. It also not possible to assess the amount of commission that we benefit from and build it into the monthly management fee. We would welcome the opportunity to discuss alternatives to the State that will involve rebating a portion of the commission. Will this position disqualify us?**

**A:** The State will not disqualify a bidder if its billing systems do not allow net prices on a unit level. If billing systems prevent unit billing to occur net of rebates, commissions, etc., the bidder must propose a method to identify and rebate charges in excess of net repair costs on a regular basis (e.g. monthly, quarterly). Such an approach must include certification that final charges billed to the State are net of any actual or future rebates from third parties and is subject to post-audit.

**46. Q: In the State's Written Answer on March 21, you stated that Two Year T-bill rates are to be used as an index. Using a Two Year T-bill rate for longer term leased vehicles would cause a mismatch of lease funding, and penalize us for changes in financial market. We will propose T-bill index rates that more closely match lease terms to be used by state; including two, three, and five year T-bill rate indexes. Will this solution be acceptable to the State?**

**A:** No. The State expects the base interest rate to be fixed utilizing the Two Year T-bill. Adjustment for lease terms should be made by adding basis points to this index. The various lease terms are bid individually as detailed in Appendix C –Pricing item #3. The bidder may choose the number of basis points to be added for each lease term and category of vehicle. The index amount on the date the vehicle is delivered plus the basis points identified in the price submission are utilized to calculate interest rate for each vehicle,

**47. Q: Appendix B, Vehicle Selection and Ordering 5. We will determine the ordering dealer that will be used to order the State's vehicles; vehicles will be delivered through Michigan dealers wherever possible. As an alternative, we will to discuss with the using a qualified minority or woman owned dealer to help the state meet its MBE goals. Is this acceptable to the State?**

**A:** No, the State expects that all deliveries will be made utilizing Michigan dealers. The State encourages the use of qualified minority and woman owned dealerships within this requirement. Any exception to this requirement would have to be presented by the awarded bidder to the State prior to ordering a requested unit. The state may or may not authorize exceptions based on its review of such a request.

**48. Q: Appendix B, Vehicle Selection and Ordering 14 and Vehicle Financing 5. We will not terminate the lease payment upon receipt notice of state as it restricts our ability to use multiple sales methods that may increase the number of days to sell. Using multiple sale methods will increase the sale proceeds to the state. Is this acceptable to the State?**

**A:** No, the State will not make lease payments after notice of termination.

**49. Q: Can you give us an approximate mix of percentages you currently have in inventory with the manufacturers and a mix of your 2005 orders also? For Example:**

**A:** Based on our leased inventory at 9/30/2004, the mix is as follows:  
General Motors: 38%, Ford Motor Co.: 32%, Daimler Chrysler 23%; All others: 7%.

**50. Q: Do you expect these manufacturer percentages to change significantly for the 2006 model?**

**A:** Each year the mix is dependent upon specifications developed for the selectors and pricing received for the models on the selectors. The selectors include vehicles from General Motors, Ford and Daimler Chrysler that meet the state's specifications. A life cycle cost analysis is used to select the vehicle to be ordered for that specification.



**List of Attendees from the Pre-Bid Meeting/Conference Call Held on March 15, 2005**

Fifth Third Bank  
ARI  
CEI  
Comdata  
Comerica  
FleetCor  
Ford Financing  
Glenn Buege Buick  
Koch Financial  
Mansfield Oil  
Mastercard  
Mercury Consultants  
Peninsula Fleet Management Services  
QEK Global Solutions  
Transmontaine  
Wheels Inc  
Wright Express



**Fleet Management Services RFP  
07115200161 Addendum #4  
Additional Questions on Fleet RFP Received as of  
Friday April 1, 2005**

1. **Q: AMR does not provide an AMR Clean benchmark price for police pursuit vehicles. How do you intend to do the resale guarantee calculation, or will these vehicles be excluded from the resale guarantee?**

**A:** The State recognizes that AMR does not provide an AMR Clean benchmark for police pursuit vehicles. Instead, the State will recognize AMR fair for comparable civilian vehicles as the benchmark (for example, the civilian Crown Vic). If additional vehicle types are added to police pursuit vehicles, the State will accept similar civilian vehicle values if they are available or will negotiate an acceptable benchmark on a case by case basis with the winning bidder.

2. **Q. Approximately how many leased vehicles are sold through public auto auctions?**

**A:** In FY2004 (October 2003 – September 2004), the State sold 1,287 vehicles at auction.



**Fleet Management Services RFP  
07115200161 Addendum #5  
Additional Questions on Fleet RFP Received as of  
Monday April 4, 2005**

Please Note: No further questions will be accepted at this time.

- 1. Q: Would you consider an extension for the responses on this RFP? We understand if this cannot be done, but we would like the opportunity to put together this solution for the State as we believe it will save money overall and provide a greater level of functionality.**

**A:** The State cannot extend the RFP due date at this time. However, this does not prevent you from teaming up with the awarded vendor as a sub-contractor at some point in time to offer the State greater cost savings.

Maybe your company will be ready with these subcontractors for the next bid solicitation on this contract. You are welcome to bid on services you offer now in this solicitation. We encourage competition by soliciting as many bids as possible from companies that can provide any of the services.

- 2. Q: Can you clarify what you meant below. That is, how could the awarded vendor team up with a subcontractor without disclosing that relationship in the bid response? In other words, after they win the bid, go out and form a partnership with another sub contractor? We assumed the sub-contractor partnership would have to be established to respond to the bid. Is that correct?**

**A:** Yes, the awarded vendor would have to state in their bid response whom they were teaming up with as a sub-contractor and these partnerships should already be established prior to submitting a bid. But the State has no control over who the prime vendor establishes partnerships with as sub-contractors. However, all sub-contractors have to be approved by the State before being executed on an established contract.



**Fleet Management Services RFP  
07115200161 Addendum #6  
Monday April 25, 2005**

Please Note: These clarifications and modifications are for bidder information only. No action is required from bidders.

1. In **Appendix B, Sections E and F, Question #4**, the State recognizes there may be situations such as severe weather, remote off-road locations, or other situations beyond the control of the bidder and emergency roadside providers. The State acknowledges these circumstances may exceed the response time of one hour.
2. In **Appendix B, Section G, Question #7** has been eliminated as a minimum bidder qualification; therefore this question has been deleted.
3. In **Appendix B, Section G, Question #9** has been modified to read: **"Provide audit control and fraud detection for all fuel transactions. Such controls must prevent the use of cards for cash advances and/or for purchasing at certain fuel providers or facilities as specified by the State."**
4. In **Step 2, Section G, Question #15**, the following has been added to the list items: **"dd. Odometer reading"**



### VENDOR CLARIFICATION QUESTIONS

- 1. Provide pricing in Section E: Vehicle Accident Repair which is per incident rather than monthly per vehicle.**

See attached revised pricing spreadsheet.

- 2. Clarify that inclusion of VTS garage repair data to FleetView will occur at no cost.**

Yes, as long as the State of Michigan enrolls in the Wheels Maintenance Assistance Program.

- 3. If Wheels is the fuel card services provider, upload the state's bulk fuel data to your fuel management system using the fuel card provided (queries of the system and data transfer).**

Provided the State purchases Wheels' Fuel Management Program, Wheels will upload data feeds from the State's bulk fuel system as frequently as monthly for no additional charge. If the State wishes to capture bulk fueling consumption data at the point of each individual transaction via a Wheels fuel card issued to the vehicle, Wheels will accommodate that as stated in our technical proposal, and the fee will be as stated in our pricing submission.

- 4. Can the State transfer diesel purchasing to the Wheels Fuel Program at a later date?**

Yes.

- 5. The State would like to include the following contract language: "State of Michigan personnel may need to go to the manufacturer's plant for inspection of specialized vehicles. If the State desires this and Wheels incurs any cost related to this inspection, Wheels may pass through the cost to the State under this contract."**

Agreed.

- 6. Does the current contracted amount of \$5 per month for fully amortized vehicles continue for the existing fleet if no buyout occurs?**

Yes, vehicles leased under the current contract will continue under the current contract terms until termination of each individual vehicle lease. Vehicles delivered after the new contract goes into effect will be leased under the new contract terms. When the new contract goes into effect, prices and terms for services will change to the new contract terms for all vehicles in service.

- 7. If the contract is awarded to Wheels, will Wheels support additional analysis to determine if it is in the State's best interest to refinance the existing fleet under the new contract terms?**

Yes. Refinancing the fleet under the new contract is an option presented to the State in our proposal and is available at the State's discretion. Wheels will provide analytical support to help the State make that decision.

- 8. Clarify language on Delivery Dates, especially in the case of upfit vehicles.**

The language on delivery dates in Wheels' technical proposal is as follows:

Delivery Date is the date the State takes possession of the vehicle or 5 days following the effective date the invoice from the manufacturer is validated and paid, whichever is sooner.

This language is appropriate for situations when vehicles are coming out of the manufacturers' traffic systems. This describes perhaps 95%+ of all State of Michigan vehicle deliveries. There may be circumstances when "ship-to" upfitters are used for installation of specialty equipment where Wheels pays the manufacturer for the vehicle well in advance of when it becomes available to the State. To address those circumstances, Wheels and the State will work together to develop a mutually agreeable approach for defining Delivery Dates and beginning the lease.



**9. Describe Wheels tax contributions to the State of Michigan including Single Business Tax and other taxes.**

We have summarized below Wheels' expenditures, tax payments and assets in the State of Michigan during 2004.

<b>Items Purchased in Michigan</b>	<b>Total Amount for all Wheels Clients</b>
Maintenance \$ spent at Michigan vendors	\$10,804,556
Collision repair \$ spent at Michigan vendors	\$2,798,031
Fuel purchased in Michigan	\$9,309,719
Total \$ of domestic stock vehicle purchases from MI dealers	\$1,637,124
Total \$ of factory-ordered vehicles ordered through MI dealers	\$238,895,377
<b>Total Purchases in Michigan</b>	<b>\$263,444,807</b>

<b>Taxes/Fees Paid in Michigan</b>	
Personal property tax paid in MI	\$0
Dollar amount of violations paid in MI	\$14,133
State Sales Tax on maintenance purchases in MI	\$182,381
State Sales Tax on collision repairs done at MI vendors	\$43,109
Michigan Single Business Tax paid by Wheels (2002)	\$1,081,720
State Tax on fuel purchased in MI	\$1,179,231
Dollars spent on registration and titles for vehicles in MI	\$949,306
Tax on rental for vehicles leased in Michigan	\$2,092,577
<b>Total Taxes/Fees Paid in Michigan</b>	<b>\$5,542,457</b>

<b>Current Book Value of Assets Invested in Michigan</b>	<b>\$130,379,096</b>
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**10. Will Wheels allow disclosure of Wheels technical proposal and pricing submission?**

Yes, Wheels is agreeable to disclosure of our technical proposal and the attached final pricing submission.