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AMENDMENT #3 – 8/25/2005
REQUEST FOR PROPOSALS (RFP)
MAINTENANCE AND REPAIR SERVICES FOR
STATE-OWNED VEHICLES

PROJECT NUMBER: 050R5800170

This Amendment #3 is being issued to amend and clarify certain information contained in the above referenced RFP. All information contained herein is binding on all offerors who respond to this RFP. Specific parts of the RFP have been amended. The following changes/additions are listed below; new language has been double underlined and marked in bold (i.e., **word**) and language deleted has been marked with a strikethrough (i.e., ~~word~~).

1. In RFP Section 1.3

A. Add the following definitions:

Supplemental Revenue Factor - A percentage provided by the Contractor that accurately reflects the approximate percentage that results when total Supplemental Revenues are divided by the total amount invoiced by Independent Vendors. The Supplemental Revenue Factor is used to calculate the appropriate Supplemental Revenue credit for each agency's monthly invoice.

B. Delete the following definitions:

~~Supplemental Revenue Share – A single, discrete percentage of any Supplemental Revenue that the Contractor commits to return to the State. This can range from 0% if the Contractor intends to retain all Supplemental Revenue, to 100% if the Contractor commits to return all Supplemental Revenue to the State. In the event the Contractor has varying types or levels of Supplemental Revenue with vendors it must still quote a single, discrete percentage amount as the “Share”.~~

2. Add the following language to Section 2.6 Payments, Billing, Data Collection and Reporting:

2.6.9 If the Contractor derives Supplemental Revenue from Independent Vendors, the Contractor must return all of this Supplemental Revenue to the State. The

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quotations on new Form F-3(Dated 8/25/05) will be applied to the aggregate amount invoiced to each State account by Independent Vendors to calculate the Supplemental Revenue credit that is due each State agency on each monthly invoice. Pursuant to §2.6.10 the State will audit the Contractor to determine the actual Supplemental Revenue that the Contractor received on State accounts. If the actual Supplemental Revenue received by the Contractor for the audit period is greater than the Supplemental Revenue returned to the State through credits, the Contractor must remit the balance through additional credits as directed by the State. If the actual Supplemental Revenue is consistently greater than the credit provided to the State based on the Supplemental Revenue Factor identified on new Form F-3, the State may require the Contractor to adjust the Supplemental Revenue Factor used to calculate credits for future billings. If the Contractor has credited the State for more than the actual Supplemental Revenue, during the period covered by the audit, the State will provide instructions on how subsequent invoices will be adjusted.

The Supplemental Revenue Factor entered on new Form F-3 must be applied to the total dollar amount of Independent Vendor invoices for each agency's account to determine the amount that will be credited to the State agency.

If auditing reveals that the Contractor has credited the State for less than the actual Supplemental Revenue obtained by the Contractor for the audit period, the Contractor shall adjust its invoices to provide the full credit due to the State. If the Contractor has credited the State for more than the actual Supplemental Revenue, during the period covered by the audit, the State will provide instructions on how subsequent invoices will be adjusted.

If the Contractor fails to make timely adjustments to its invoices to provide a required credit amount to the State, the State may offset the difference against payments due to the Contractor.

2.6.10 Audits will be conducted of Supplemental Revenues involving Independent Vendors for (1) Maintenance and Repair, and (2) Accident Repairs. The purpose of this audit is to assure that all Supplemental Revenues derived by the Contractor on the State's account are returned to the State. The audit will establish Supplemental Revenues to a tenth of a percent (e.g., 10.8%). Actual audit costs will be billed to the Contractor either monthly or as incurred, if audit activities take place less frequently than monthly. If the Contractor does not remit payments for audit activities within 30 days of invoice receipt, the Department will withhold payment to the Contractor, or make an equivalent deduction from such payments.

The first year cost for these audits will not exceed \$30,000 15,000. Costs for each year of the contract beyond the first year will not exceed \$10,000. However, if routine audits document more than a 10% variance with the Supplemental Revenue or Supplemental Revenue Share percentages provided on the Attachment F Price Sheets that result in higher payments by the State, the frequency of audit activities will increase. In this instance the Contractor will be responsible for up to \$50,000 in first year audit costs. Both the routine and excessive variance audit maximums (\$30,000 and \$50,000, respectively) will be subject to up to 5% cumulative annual increases.

The Contractor must provide an electronic copy of each month's detailed invoice in either Excel or Access format to be used for audit purposes. The Contractor must also provide a comprehensive list of Independent Vendors and identify the actual Supplemental Revenue Factor for each Vendor. The Independent Vendor list must be updated monthly, as required to reflect new Independent Vendors and any change in a Vendor's Supplemental Revenue Factor. The Contractor must make reasonable efforts to cooperate with the State's audit contractor as it seeks to verify Supplemental Revenue information for work performed on State vehicles.

If requested by the Contractor, the State will require its audit contractor to enter into a non-disclosure agreement whereby the audit contractor will not divulge any information concerning the Contractor's business arrangements with Independent Vendors to any party other than the State. The State will treat such business arrangement information in the manner prescribed in Title 10, Subtitle 6, Part III, Access to Public Records, of the State Government Article, Annotated Code of Maryland. **As permitted by the Maryland Public Information Act (PIA), Title 10, Subtitle 6, Part III of the State Government Article, the Department will treat information concerning the Contractor's Supplemental Revenue agreements with Independent Vendors as confidential commercial or financial information.**

1.
 - A. The Financial Proposal instructions and forms (Attachments F, F-1, F-2) have been revised to replace what was previously issued. The previous summary form F-3 is now Form F-4. A new Form F-3 (Dated 8/25/05) has also been added. **The information contained on the new Form F-3(Dated 8/25/05), will be treated as confidential commercial or financial information under the PIA. The summary information contained on the Revised 8/25/05 version of Form F-4 will not be considered as confidential under the PIA.** The new instructions and forms (with the footnote of "Revised 8/25/05 **(Forms F-1, F-2 and F-4) or new Form F-3(Dated 8/25/05)**) are incorporated into the RFP via this amendment and are attached.

- B. RFP Section 3.5.3 is changed, as follows:

All Unit Prices listed on Attachment F-1 & F-2 will be Firm Fixed prices. The State shall directly pay the Contractor no fees other than those specified on Attachments F-1& F-2.

However, it is realized that some vendors may use Supplemental Revenue practices, such as short pay or administrative fees, to augment the direct payment revenue derived from the State. Supplemental Revenues represent an indirect expense to the State. The State requires that Supplemental Revenues be returned in full to the State. To identify the Supplemental Revenue Factor to be applied to the monthly invoice, via this amendment a new Financial Proposal Form F-3 (Dated 8/25/05) is added, and the previous Form F-3 Summary Sheet has been deleted.

The new Form F-3 (Dated 8/25/05) requires each offeror to identify the aggregate Supplemental Revenue Factor it will derive from Independent Vendors. The Supplemental Revenue Factor will be used to establish a monthly invoice credit.

The new Form F-4 then summarizes all proposed charges to the State by requiring the totals from Forms F-1 and F-2 to be added. This discrete Form F-4 total will constitute offerors' financial proposal and will be combined with offerors' technical proposal to determine the offer that is most advantageous to the State.