

SERVICES CONTRACT

ITEM: 5-S **Agency Contact:** Larry Williams (410) 260-7195
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DEPARTMENT/PROGRAM: Budget & Management (DBM)
Fleet Management Office (FMO)

CONTRACT ID: 050R5800170;
Maintenance and Repair Services for State Owned
Vehicles
ADPICS NO. 050B6800039

CONTRACT DESCRIPTION: Contract to provide Statewide vehicle maintenance and repair services via a network of local vendors for State-owned cars, light trucks, vans and medium and heavy-duty trucks not covered by in-house maintenance and repair facilities. The contract also provides an accident management program to manage and refer all vehicle accidents and vandalism claims by participating State agencies.

AWARD: Automotive Rentals, Inc.
Mt. Laurel, NJ
(Local Office in Columbia, MD)

TERM: 4/1/2006 - 3/31/2011

AMOUNT: \$45,000,000 Est. (5 Years; see Requesting Agency
Remarks below)

PROCUREMENT METHOD: Competitive Sealed Proposals

BIDS OR PROPOSALS: See Attachment

MBE PARTICIPATION: 0% (see Requesting Agency Remarks below)

FUND SOURCE: Various

APPROP. CODE: Various State Agencies

INCUMBENT: PHH Arval, Inc.
Sparks, MD

REQUESTING AGENCY REMARKS: A notice of the availability of the Request For Proposals (RFP) was advertised in the *Maryland Contract Weekly* and on the *eMarylandMarketplace.com* and DBM web sites. Copies of the solicitation notice were mailed directly to five prospective vendors, one of which was a Maryland firm, and included no MBEs. A copy was also sent to the Governor's Office of Minority Affairs.

No MBE goal was established for this contract because State agencies control which repair facility a vehicle is taken to. There is no direct contractor/subcontractor relationship between the recommended contractor, Automotive Rentals, Inc. (ARI), and the repair facilities.

Two offers were received for this contract, both of which were determined to be reasonably susceptible of being selected for award (see Attachment). While the two offerors were considered to be very closely ranked technically, ARI had much lower administrative fees. Accordingly, ARI is recommended for the award of this contract as providing the most advantageous offer to the State.

An analysis was made as to why there were only two offers received for this contract. It was determined that there are only five vendors nationwide that can provide this service. A follow-up with potential offerors who did not respond indicated that they did not believe that it would be profitable enough to offer the requested network of services for vehicles not leased, directly controlled or owned by the contractors themselves.

The contract for which approval is being requested will continue to provide access to a national repair and maintenance service network of local Maryland vendors for servicing State-owned cars, light trucks, vans and medium and heavy-duty trucks. It also provides for a new accident management program to manage and refer all vehicle accidents and vandalism claims by participating State agencies.

The State owns approximately 8,400 vehicles; of this number, approximately 5,400 currently participate in this program. The approximately 3,000 remaining vehicles are maintained using State-owned repair facilities.

The requested \$45,000,000 approval amount of this item is estimated. Approximately \$41,800,000 of this amount is estimated to be reimbursements for the actual cost of repairs to State vehicles by participating repair facilities.

The financial offer in the Attachment was based upon a model in the RFP for evaluation purposes for a five-year period for administrative fees. The administrative fees for this contract are estimated to be \$3,200,000. The contractor will be paid a fixed monthly per-vehicle, per-month fee for vehicle maintenance and fixed-incident fees for towing and accident occurrences.

A protest was filed by the incumbent against the proposed award of this contract to ARI. This protest was denied by the Department. The protest denial was not appealed to the Maryland State Board of Contract Appeals.

RESIDENT BUSINESS: Yes

MD TAX CLEARANCE:

05-1906-0111

Board of Public Works Action - The above referenced Item was:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION

ITEM: 5-S (Cont)

ATTACHMENT

BPW 2/15/2006

BIDS OR PROPOSALS (Cont):

<u>Offeror</u>	<u>Tech. Rank</u>	<u>Five Year Financial Offer (Rank)*</u>	<u>Overall Rank</u>
Automotive Rentals, Inc. Mt. Laurel, NJ	2	\$3,192,500 (1)	1
PHH Arval, Inc. Sparks, MD	1	\$4,360,200(2)	2

* Note: the financial offer was based upon a model in the RFP of administrative fees for a five year period.