



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

**REQUEST FOR PROPOSALS # 32101-15108
AMENDMENT # ONE
FOR FUEL CARD PROGRAM**

DATE: 7/22/2016

RFP # 32101-15108 IS AMENDED AS FOLLOWS:

1. This RFP Schedule of Events updates and confirms scheduled RFP dates. Any event, time, or date containing revised or new text is highlighted.

EVENT	TIME (central time zone)	DATE
1. RFP Issued		June 29, 2016
2. Disability Accommodation Request Deadline	2:00 p.m.	July 5, 2016
3. Pre-response Conference	2:00 p.m.	July 11, 2016
4. Notice of Intent to Respond Deadline	2:00 p.m.	July 12, 2016
5. Written "Questions & Comments" Deadline	2:00 p.m.	July 15, 2016
6. State Response to Written "Questions & Comments"		July 22, 2016
7. Response Deadline	2:00 p.m.	July 29, 2016
8. State Completion of Technical Response Evaluations		August 5, 2016
9. State Opening & Scoring of Cost Proposals	2:00 p.m.	August 8, 2016
10. State Notice of Intent to Award Released and RFP Files Opened for Public Inspection	2:00 p.m.	August 11, 2016
11. End of Open File Period		August 18, 2016
12. State sends contract to Contractor for signature		August 19, 2016
13. Contractor Signature Deadline	2:00 p.m.	August 31, 2016
14. Contract Start Date		September 1, 2016

2. State responses to questions and comments in the table below amend and clarify this RFP.

Any restatement of RFP text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFP document.

QUESTION / COMMENT	STATE RESPONSE
<p>1 Does the contract allow for banking terms and conditions to be included in the response?</p>	<p>The State is willing to entertain limited contract negotiation / modification with the awarded respondent but the pro forma shall stay substantially the same. Material changes to the contract will not be allowed.</p> <p>Please refer to RFP section 5.3.4 and 5.3.5.</p>
<p>2 In the event of a contract award, will the State allow for negotiation and redline of the resulting Pro Forma contract?</p>	<p>Please refer to question 1.</p>
<p>3 Is there ability to market this contract outside of the state? Cities, counties, schools, etc.?</p>	<p>No. This contract is a specific State Agency (Department of General Services, Division of Motor Vehicle Management) contract and only available within the State specifically to MVM.</p>
<p>4 “The Contractor shall provide a magnetic-stripe card that is EMV/Chip and PIN enabled.”</p> <p>It is not currently industry standard for proprietary fuel cards to include EMV functionality. Would the state consider amending the requirement accordingly?</p>	<p>It has been determined that Chip and PIN enabled cards have not been made an industry standard for fuel card providers at this time. The State will amend accordingly.</p>
<p>5 “The Contractor will issue an initial 6,300 fuel payment cards to the State within 30 days of the contract start date.”</p> <p>Will the state consider adjusting the timeline to 60 days to accommodate custom plastic? Can the State confirm that the initial implementation is a centralized single invoiced account?</p>	<p>No. The contract signing date is 9/1/2016 and the current contract expires 9/30/2016. The State will need cards available for use on 9/30/2016.</p> <p>Yes, confirmed.</p>
<p>6 “The Contractor will issue new and replacement fuel payment cards within 1 business day of receipt of the request at no cost to the State.”</p> <p>Can the state estimate how many replacement cards are ordered in a year?</p>	<p>Approximately 1000 new cards per year.</p> <p>Approximately 500 replacement cards per year.</p>
<p>7 “The State and the vehicle operator are not liable for charges resulting from any unauthorized use of the fuel payment card.”</p> <p>Will the state define unauthorized use?</p>	<p>Any fraudulent use of the card or card number by someone other than a state employee for anything not authorized for purchase.</p>
<p>8 “Merchant Category Detail Report lists all purchases made with each card, subtotaled by merchant category code. Information</p>	<p>FEIN requirements will be removed from the RFP</p>

QUESTION / COMMENT	STATE RESPONSE
<p>includes: Merchant Category Code, and Merchant Federal Identification Number.”</p> <p>Merchant FEIN is not a standard reporting field captured from the merchant. Will the state consider removing FEIN reporting from this requirement?</p>	
<p>9 “The Contractor shall provide the option to restrict purchases that can be placed on the card to purchases by fuel type, grade, dollar amount, and volume.”</p> <p>Universal proprietary fuel cards are unable to restrict by fuel type. Would the state consider removing this requirement?</p>	<p>The State will remove the <u>requirement</u> from the pro forma to restrict purchases by fuel type, grade, dollar amount, and volume.</p> <p>The technical requirement section of the RFP will still ask for a description of restriction capabilities to allow other respondents the chance to provide these restrictions if the service is available.</p>
<p>10 “Contractor shall submit invoices and necessary supporting documentation in a searchable digital form, no more frequently than once a month and no later than 30 days after goods or services have been provided.”</p> <p>Although most merchants post transactions within 24 to 48 hours, merchants contractually have up to 120 days to submit transactions for processing. Will the state consider amending this requirement?</p>	<p>Yes. The wording in the Pro Forma will be updated for clarity. The State requires an invoice once a month. The invoice should include transactions that have been <u>posted</u> within the last thirty (30) days.</p> <p>A transaction may take up to 120 days to process, but once the available transaction has posted from the merchant the State requires it to be reflected on the 30 day invoice.</p>
<p>11 Page 1 section 1.2 The State requires the net out or rebate of federal fuel taxes, TN state fuel taxes, and TN sales taxes on each transaction</p> <p>Please clarify that tax will be removed from fuel purchases only not “all” transactions as allowed by credit card issuers to exempt on federal and state levels: currently UNL, DSL, Bio DSL and AV on a federal level and UNL and DSL on state level.</p>	<p>For fuel purchases net out or rebate the State and Federal fuel taxes. For remaining automotive products net out or rebate Tennessee sales taxes.</p>
<p>12 Page 26 section C.3 “Provide a detailed description of the Respondent’s ability to net out or rebate federal fuel taxes, TN state fuel taxes, and TN sales taxes on each transaction. Please be specific to include those situations where transactions are not automatically identified/exempted at the POS”</p> <p>Please clarify that tax will be removed from fuel purchases only not “all” transactions as allowed by credit card issuers to exempt on federal and state levels: currently UNL, DSL, Bio DSL and AV on a federal level and UNL and DSL on state level.</p>	<p>All taxes are required to be removed prior to submission of the invoice to the State.</p> <p>Please refer to questions 10 and 11</p>
<p>13 Will the State be allowing other participants</p>	<p>Please refer to question 3.</p>

QUESTION / COMMENT	STATE RESPONSE
like political subdivisions and higher education entities to piggyback on the contract?	
14 Can the Schedule of Events extend the deadline for submitting responses at least a week?	No. The State has a tight deadline for getting a replacement contract in place.
<p>15 1.2 Statement of Procurement Purpose (regarding Automotive Products) (Page 1)</p> <p>First sentence in 1.2: The State intends to secure a contract for a fuel card program to purchase Automotive Products.</p> <p>Definition of Automotive Products in 1.1: Limited to only gasoline (unleaded regular, unleaded plus and unleaded premium), Number 2 diesel fuel (low and ultra-low sulfur), alternative fuel (E85 & B20), motor oil, anti-freeze, and car washes.</p> <p>Q.1. Does the State not use the cards for purchasing vehicle maintenance and repairs at all?</p> <p>Q.2 If so, do you have any specific guidance regarding maintenance merchant acceptance required?</p>	<p>The State does not want to include vehicle maintenance and repairs with this program. The program should be limited to <u>only</u> gasoline (unleaded regular, unleaded plus and unleaded premium), Number 2 diesel fuel (low and ultra-low sulfur), alternative fuel (E85 & B20), motor oil, anti-freeze, and car washes.</p>
<p>16 1.2 Statement of Procurement Purpose (regarding locations needed) (Page 1)</p> <p>The RFP seems vague on the State's expectation for number of fuel locations needed to serve the state's needs. The only paragraph even addressing number of stations or locations is RFP item 1.2 Statement of Procurement Purpose and Pro Forma contract paragraph A.3. General Second paragraph in 1.2: "All fuel and services covered under this contract will be purchased by the State at various locations within all ninety-five (95) counties of the State;"</p> <p>Q1. What is the State's expectation regarding site coverage for fuel purchasing? Expand on meaning of "various locations within all ninety-five (95) counties".</p> <p>Q2. Will you require universal acceptance at</p>	<p>Q1. The State requires Automotive Products be available in each county and be included by the Respondent as part of their evaluation.</p> <p>Q2. The State requires a universally accepted card</p> <p>Q.3. See above</p>

QUESTION / COMMENT	STATE RESPONSE
<p>virtually all or the vast majority of fuel stations, or would it be acceptable for a Proposer to offer a more limited network card with significant percentage of all fuel sites accepting the card yet with somewhat limited acceptance in some of the most rural areas?</p> <p>Q3. If you think it's acceptable, how would a limited network card, with fuel sites in virtually every county be evaluated versus a universal card program accepted nearly everywhere?</p>	
<p>17 1.2.2 contract historical volume</p> <p>Paragraph 1.2.2 states that the State spent approximately sixty million (\$60,000,000) over the previous contract's five (5) year period.</p> <p>Q.1 Can you tell us the most recent year's or past 12 months total fuel gallons purchased and non-fuel dollars purchased?</p> <p>Q2. Can you provide a breakdown as to how much was gasoline versus diesel fuel?</p> <p>Q3. Can you provide a breakdown or percentages of the gallons that are billed to MVM as opposed to directly to other agencies (not billed through MVM)?</p>	<p>Total fuel gallons: \$5,255,922.10</p> <p>Non-fuel dollars purchased: \$199,044.91</p> <p>Gas Gallons: \$4,945,999.62</p> <p>Diesel Gallons: \$309,922.48</p> <p>All billing will be through MVM. This contract is a specific State Agency (Department of General Services, Division of Motor Vehicle Management) contract and only available within the State specifically to MVM.</p>
<p>18 Under the current contract, is it extended to local governments or political subdivisions of the State of Tennessee (i.e. cities, counties, public schools/local boards of education) or quasi state agencies and universities?</p> <p>Will local governments or political subdivisions be able to purchase under this new contract?</p>	<p>No. Please refer to question 3.</p>
<p>19 Prompt Payment Incentives (Cost Proposal Attachment 6.3 Section B)</p> <p>Can the State provide an example of recent prompt payment incentive rebates being received? The terminologies and instructions are kind of complicated, perhaps an example of how one is calculated would help our understanding.</p>	<p>Please see example in attachment 1.</p> <p>Please note that this this is just an example for the prompt payment discount. The volume rebate is in addition to this, and is not included in this example.</p>
<p>20 B.15.(c) Attachment 6.2 Section B (page 23)</p> <p>With regards to Diversity and Estimated Participation, we request the following:</p> <p>a) Card accepting merchants should not be considered Respondent's subcontractors for sake of determining level of participation</p>	<p>We do not intend for respondents to be responsible for providing diversity info pertaining to merchants. Only the respondent's direct diversity information applies.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>by business enterprises owned by minorities, women, Tennessee service-disabled veterans and small business enterprises.</p> <p>c) Confirm that Respondent will not be expected to report the State's volume of card usage at retail stations owned by certified Diversity Business Enterprises.</p>	
<p>21 Pro Forma Contract, A.4.a. Card Design (page 44)</p> <p>The pro forma contract reads: The Contractor shall provide a magnetic-stripe card that is EMV/Chip and PIN-enabled designed specifically and exclusively for</p> <p>We request that the phrase "EMV/Chip and" be deleted from this sentence.</p>	<p>Please refer to question 4.</p>
<p>22 Pro Forma Contract, A.4. b. Card Issuance and Replacement (page 45)</p> <p>Q.1 Is the State issuing cards to State Employees (Vehicle Operators) or is it issuing cards to vehicles, then assigning PINs (Driver IDs) to State Employees?</p> <p>Q.2 Are all authorized State employees issued PINs, allowing the Driver fueling the vehicle to be reported, or are the cards simply "PIN protected" without employee making purchase reported?</p>	<p>Q1. MVM currently issues the card and its corresponding PIN to the vehicle.</p> <p>Q2. The PIN is to the vehicle and multiple drivers can use it.</p>
<p>23 Pro Forma Contract, A.4.c.2 SIC or MCC restrictions.</p> <p>If vendor proposes a card system that is not a universal bank card, but rather a proprietary card system that does not utilize MCC or SIC restrictions, but instead uses product-based restrictions (i.e. fuel and non-fuel spend limits), will this suffice and meet the State's expectations? If the card can only be used a fuel and vehicle maintenance locations period, it seems that should be sufficient. Please advise.</p>	<p>No. The State requires MCC or SIC restrictions.</p> <p>Please refer to question 9 regarding the restrictions and question 16 regarding the universally accepted card.</p>
<p>24 Pro Forma Contract, A.5.b.4. (page 47)</p> <p>Under Standard Report Formats, there is one listed saying: "Finance and Audit Reports designed for 1099 reporting;"</p>	<p>1099 reporting requirement will be removed from the RFP</p>

QUESTION / COMMENT	STATE RESPONSE
<p>Q.1 Can the State better explain what kind of 1099 reporting is expected?</p>	
<p>25 Pro Forma Contract, A.7 Implementation Plan, b. Timeline (page 49)</p> <p>With an expected contract signing of September 1 and the State requiring customized fuel cards with official logo and custom printing on face of card, the October 1 deadline in A.7 is infeasible for anyone other than the incumbent Proposer. We request that this implementation deadline be extended to complete tasks of card artwork design, approvals, ordering, manufacturing, shipping, and issuance of customized logo/image cards. The 30 days allowed in the pro forma contract and RFP is simply too short amount of time. We suggest additional 30 to 45 days be allowed.</p>	<p>The State cannot extend the timeline to allow for the distribution of cards. The cards must be in place before the expiration of the current fuel card program contract on 9/30/2016.</p> <p>The State is amendable to a standard card design if that allows for delivery before expiration of current fuel card program contract.</p>
<p>26 Pro Forma Contract A.14. Warranty (page 50)</p> <p>Card accepting merchants selling fuel to the State should not be considered subcontractors of Proposers and Proposer should not be responsible for merchants selling defective products. Complaints or damages due to merchant selling defective fuel should be directed to the merchant selling fuel to the State. The State should allow Proposer's to submit its own terms and conditions regarding handling of claims regarding defect fuel or maintenance services.</p>	<p>The language in A.14 is intended to apply only to services provided directly by the respondent. The State will not include merchants' products or services as if they are subcontractors.</p>

3. **Delete RFP # 32101-15108, in its entirety, and replace it with RFP # 32101-15108, Release # 2, attached to this amendment.** Revisions of the original RFP document are emphasized within the new release. **Any sentence or paragraph containing revised or new text is highlighted.**
4. **RFP Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFP not expressly amended herein shall remain in full force and effect.

Prompt Pay Discount Example

Date	Net Sales	Payments	Daily Balance
31-Dec			\$100,000
1-Jan	\$5,000		\$105,000
2-Jan	\$12,000		\$117,000
3-Jan	\$4,000		\$121,000
4-Jan	\$2,000		\$123,000
5-Jan	\$6,000		\$129,000
6-Jan	\$8,000		\$137,000
7-Jan	\$7,500		\$144,500
8-Jan	\$3,500		\$148,000
9-Jan	\$11,500		\$159,500
10-Jan	\$5,000		\$164,500
11-Jan	\$12,000		\$176,500
12-Jan	\$4,000		\$180,500
13-Jan	\$2,000		\$182,500
14-Jan	\$6,000		\$188,500
15-Jan	\$8,000		\$196,500
16-Jan	\$7,500		\$204,000
17-Jan	\$3,500		\$207,500
18-Jan	\$11,500		\$219,000
19-Jan	\$5,000		\$224,000
20-Jan	\$12,000		\$236,000
21-Jan	\$4,000	\$100,000	\$140,000
22-Jan	\$2,000		\$142,000
23-Jan	\$6,000		\$148,000
24-Jan	\$8,000		\$156,000
25-Jan	\$7,500		\$163,500
26-Jan	\$3,500		\$167,000
27-Jan	\$11,500		\$178,500
28-Jan	\$7,000		\$185,500
29-Jan	\$5,500		\$191,000
30-Jan	\$4,500		\$195,500
31-Jan	\$9,000		\$204,500
1-Feb	\$6,000		\$210,500
2-Feb	\$8,000		\$218,500
3-Feb	\$6,500		\$225,000
4-Feb	\$11,500		\$236,500
5-Feb	\$10,500		\$247,000
6-Feb	\$4,500		\$251,500
7-Feb	\$4,500		\$256,000
8-Feb	\$7,000		\$263,000
9-Feb	\$6,500		\$269,500
10-Feb	\$8,500		\$278,000
11-Feb	\$5,000		\$283,000
12-Feb	\$5,500		\$288,500
13-Feb	\$6,000		\$294,500
14-Feb	\$8,000		\$302,500
15-Feb	\$6,500		\$309,000
16-Feb	\$11,500		\$320,500
17-Feb	\$10,500		\$331,000
18-Feb	\$4,500		\$335,500
19-Feb	\$4,500		\$340,000
20-Feb	\$7,000	\$204,500	\$142,500
21-Feb	\$6,500		\$149,000
22-Feb	\$8,500		\$157,500
23-Feb	\$5,000		\$162,500
24-Feb	\$5,500		\$168,000
25-Feb	\$14,000		\$182,000
26-Feb	\$13,000		\$195,000
27-Feb	\$9,500		\$204,500
28-Feb	\$8,000		\$212,500
1-Mar	\$4,000		\$216,500
2-Mar	\$2,500		\$219,000
3-Mar	\$6,000		\$225,000
4-Mar	\$7,500		\$232,500
5-Mar	\$3,500		\$236,000
6-Mar	\$11,500		\$247,500
7-Mar	\$5,000		\$252,500
8-Mar	\$12,000		\$264,500
9-Mar	\$4,000		\$268,500
10-Mar	\$9,500		\$278,000
11-Mar	\$6,000		\$284,000
12-Mar	\$8,000		\$292,000
13-Mar	\$6,500		\$298,500
14-Mar	\$11,500		\$310,000
15-Mar	\$10,500		\$320,500
16-Mar	\$4,500		\$325,000
17-Mar	\$4,500		\$329,500
18-Mar	\$7,000		\$336,500
19-Mar	\$6,500	\$212,500	\$130,500
20-Mar	\$8,500		\$139,000
21-Mar	\$5,000		\$144,000
22-Mar	\$5,500		\$149,500
23-Mar	\$14,000		\$163,500
24-Mar	\$13,000		\$176,500
25-Mar	\$9,500		\$186,000
26-Mar	\$8,000		\$194,000
27-Mar	\$4,000		\$198,000
28-Mar	\$2,500		\$200,500
29-Mar	\$6,000		\$206,500
30-Mar	\$11,500		\$218,000
31-Mar	\$10,000		\$228,000
		Sum of Daily Accounts Receivable:	\$19,438,500
Total Net Sales:	\$645,000		

Sum of Daily Accounts Receivable	\$19,438,500
Total Net Sales	\$645,000
Sum of Daily A/R Divided by Total Net Sales:	30.1372093
Less 15 Days:	15
Client Held Days:	15.1372093

Step 1
Step 2

Rebate Percentage for Prompt Payment Incentives	Proposed Rebate Percentage
Number of Client Held Days	
5-10	1.0000%
11-15	0.7500%
16-20	0.5000%
21-29	0.2500%

Step 3
Step 4

Rebate for Q1 (Jan-Mar)	
Total Net Sales	\$645,000
Client Held Days	15
Rebate %	0.7500%
Rebate Amount	\$4,837.50

Notes: In this hypothetical example, we are looking at activity for the 1st Quarter of the year (January - March). The numbers presented are hypothetical and are not intended to correlate to past, present, or forecasted future spend. The purpose of this document is to provide potential respondents with an example of the calculations that will be used to calculate the prompt payment discount.

On any given day, the State will have an outstanding balance owed to the vendor for transactions posted to the State's account. This amount will represent the previous day's balance, plus the net sales for the current day, and less any payments received on that day. The hypothetical numbers presented here are a simplification of this method. The net sales for any given day represents the total of all the individual transactions posted during that day.

In this example, December ended with an outstanding balance of \$100,000. This becomes the starting balance for January. The vendor prepares an invoice for \$100,000 for December transactions and submits it to the State in early January. The State's daily balance continues to grow until payment is made on January 21. This process continues through February and March.

At the end of the quarter, the daily balance (or daily accounts receivable) is totaled and divided by the sum of the net sales for the quarter (Step 1). Subtract 15 from the resulting figure, and this represents the number of client held days (Step 2). Match this number to the proposed rebate percentage submitted by the bidder (Step 3). Lastly, multiply the rebate percentage by total net sales to arrive at the rebate amount that should be sent to the State (Step 4).