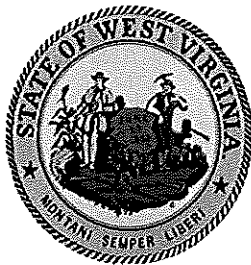




PHH



Request for Proposal #FLT11919 for State of West Virginia Technical Proposal

Presented by PHH Arval

May 31, 2012

RECEIVED

2012 MAY 31 AM 7:00

WV PURCHASING
DIVISION



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
FLT11919

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF
KRISTA FERRELL
304-558-2596

RFQ COPY
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DEPARTMENT OF ADMINISTRATION
FLEET MANAGEMENT OFFICE
2101 WASHINGTON STREET, EAST
BUILDING 17
CHARLESTON, WV
25305 304-558-0086

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
04/04/2012						
BID OPENING DATE: 05/17/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	EA		961-37		
COMPREHENSIVE FLEET MANAGEMENT SERVICES						
REQUEST FOR PROPOSAL (RFQ) OPEN END CONTRACT						
THE WEST VIRGINIA STATE PURCHASING DIVISION FOR THE AGENCY, THE WEST VIRGINIA FLEET MANAGEMENT OFFICE, IS SOLICITING PROPOSALS TO PROVIDE THE AGENCY WITH COMPREHENSIVE FLEET MANAGEMENT SERVICES PER THE ATTACHED SPECIFICATIONS.						
A MANDATORY PRE-BID WILL BE HELD ON 04/27/2012 AT 1:00 PM AT THE AGENCY'S LOCATION AT 2101 LEET STREET, EAST IN CHARLESTON, WEST VIRGINIA.						
INTERESTED PARTIES ARE REQUIRED TO ATTEND THIS MEETING FAILURE TO ATTEND THE MANDATORY PRE-BID SHALL RESULT IN DISQUALIFICATION OF THE BID. NO ONE PERSON MAY REPRESENT MORE THAN ONE BIDDER.						
AN ATTENDANCE SHEET WILL BE MADE AVAILABLE FOR ALL POTENTIAL BIDDERS TO COMPLETE. THIS WILL SERVE AS THE OFFICIAL DOCUMENT VERIFYING ATTENDANCE AT THE MANDATORY PRE-BID. FAILURE TO PROVIDE YOUR COMPANY AND REPRESENTATIVE NAME ON THE ATTENDANCE SHEET WILL RESULT IN DISQUALIFICATION OF THE BID. THE STATE WILL NOT ACCEPT ANY OTHER DOCUMENTATION TO VERIFY ATTENDANCE. THE BIDDER IS RESPONSIBLE FOR ENSURING THEY HAVE						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE				TELEPHONE		DATE
TITLE		FEIN		ADDRESS CHANGES TO BE NOTED ABOVE		

WHFN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

GENERAL TERMS & CONDITIONS REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
 2. The State may accept or reject in part, or in whole, any bid.
 3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
 4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
 5. Payment may only be made after the delivery and acceptance of goods or services.
 6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
 7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
 8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
 9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
 10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
 11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
 12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
 13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vro/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
 14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).



State of West Virginia
Department of Administration
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2019 Washington Street East
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ADDRESS CORRESPONDENCE TO ATTENTION OF
KRISTA FERRELL 304-558-2596

VENDOR	RFQ COPY
	TYPE NAME/ADDRESS HERE

SHIP TO	DEPARTMENT OF ADMINISTRATION
	FLEET MANAGEMENT OFFICE
	2101 WASHINGTON STREET, EAST
	BUILDING 17
	CHARLESTON, WV 25305 304-558-0086

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04/04/2012						
BID OPENING DATE: 05/17/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>COMPLETED THE INFORMATION REQUIRED ON THE ATTENDANCE SHEET. THE PURCHASING DIVISION AND THE STATE AGENCY WILL NOT ASSUME ANY RESPONSIBILITY FOR A BIDDER-S FAILURE TO COMPLETE THE PRE-BID ATTENDANCE SHEET. IN ADDITION, WE REQUEST THAT ALL POTENTIAL BIDDERS INCLUDE THEIR E-MAIL ADDRESS AND FAX NUMBER.</p> <p>ALL POTENTIAL BIDDERS ARE REQUESTED TO ARRIVE PRIOR TO THE STARTING TIME FOR THE PRE-BID. BIDDERS WHO ARRIVE LATE, BUT PRIOR TO THE DISMISSAL OF THE TECHNICAL PORTION OF THE PRE-BID WILL BE PERMITTED TO SIGN IN. BIDDERS WHO ARRIVE AFTER CONCLUSION OF THE TECHNICAL PORTION OF THE PRE-BID, BUT DURING ANY SUBSEQUENT PART OF THE PRE-BID WILL NOT BE PERMITTED TO SIGN THE ATTENDANCE SHEET.</p> <p>TECHNICAL QUESTIONS CONCERNING THIS SOLICITATION MUST BE SUBMITTED IN WRITING TO KRISTA FERRELL IN THE WEST VIRGINIA STATE PURCHASING DIVISION VIA FAX AT 304-558-4115 OR VIA EMAIL AT KRISTA.S.FERRELL@WV.GOV.</p> <p>VENDORS MAY CHOOSE TO ALSO SUBMIT QUESTIONS PRIOR TO THE PRE-BID MEETING FOR DISCUSSION AT SAID MEETING. QUESTIONS TO BE DISCUSSED AT THE PRE-BID MEETING MUST BE SUBMITTED NO LATER THAN 04/23/2012 AT THE CLOSE OF BUSINESS.</p> <p>DEADLINE FOR ALL TECHNICAL QUESTIONS IS 05/04/2012 AT THE CLOSE OF BUSINESS.</p> <p>ANY TECHNICAL QUESTIONS RECEIVED WILL BE ANSWERED BY FORMAL WRITTEN ADDENDUM TO BE ISSUED AFTER THE DEADLINE HAS LAPSED.</p> <p>VERBAL COMMUNICATION: ANY VERBAL COMMUNICATION BETWEEN THE VENDOR AND ANY STATE PERSONNEL IS NOT BINDING.</p>						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE		TELEPHONE		DATE		
TITLE		FEIN		ADDRESS CHANGES TO BE NOTED ABOVE		

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



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Purchasing Division
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BID OPENING DATE: 05/17/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>INCLUDING THAT MADE AT THE MANDATORY PRE-BID MEETING. ONLY INFORMATION ISSUED IN WRITING AND ADDED TO THE RFQ SPECIFICATIONS BY FORMAL WRITTEN ADDENDUM IS BINDING.</p> <p>NO CONTACT BETWEEN THE VENDOR AND THE AGENCY IS PERMITTED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE STATE BUYER. VIOLATION MAY RESULT IN THE REJECTION OF THE BID. THE STATE BUYER NAMED ABOVE IS THE SOLE CONTACT FOR ANY AND ALL INQUIRIES AFTER THIS RFQ HAS BEEN RELEASED.</p> <p>EXHIBIT 10</p> <p>REQUISITION NO.:</p> <p>ADDENDUM ACKNOWLEDGEMENT</p> <p>I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.</p> <p>ADDENDUM NO.'S:</p> <p>5/21/12</p> <p>NO. 1</p> <p>NO. 2</p> <p>NO. 3</p> <p>NO. 4</p> <p>NO. 5</p> <p>I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS.</p>						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE			TELEPHONE		DATE	
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ADDRESS CORRESPONDENCE TO ATTENTION OF

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DEPARTMENT OF ADMINISTRATION
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04/04/2012						
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LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>VENDOR MUST CLEARLY UNDERSTAND THAT ANY VERBAL REPRESENTATION MADE OR ASSUMED TO BE MADE DURING ANY ORAL DISCUSSION HELD BETWEEN VENDOR'S REPRESENTATIVES AND ANY STATE PERSONNEL IS NOT BINDING. ONLY THE INFORMATION ISSUED IN WRITING AND ADDED TO THE SPECIFICATIONS BY AN OFFICIAL ADDENDUM IS BINDING.</p> <p>..... SIGNATURE PHH Arval COMPANY May 29, 2012 DATE</p> <p>NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE BID.</p> <p>REV. 09/21/2009</p> <p>ORDERING PROCEDURE: SPENDING UNIT(S) SHALL ISSUE A WRITTEN STATE CONTRACT ORDER (FORM NUMBER WV-39) TO THE VENDOR FOR COMMODITIES COVERED BY THIS CONTRACT. THE ORIGINAL COPY OF THE WV-39 SHALL BE MAILED TO THE VENDOR AS AUTHORIZATION FOR SHIPMENT, A SECOND COPY MAILED TO THE PURCHASING DIVISION, AND A THIRD COPY RETAINED BY THE SPENDING UNIT.</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THE STATE MAY DEEM THE CONTRACT NULL AND VOID, AND TERMINATE SUCH CONTRACT WITHOUT FURTHER ORDER.</p>						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE				TELEPHONE		DATE
TITLE			FEIN		ADDRESS CHANGES TO BE NOTED ABOVE	
ADDRESS CHANGES TO BE NOTED ABOVE						



State of West Virginia
Department of Administration
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ADDRESS CORRESPONDENCE TO ATTENTION OF
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S H I P T O	DEPARTMENT OF ADMINISTRATION
	FLEET MANAGEMENT OFFICE
	2101 WASHINGTON STREET, EAST
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	CHARLESTON, WV 25305 304-558-0086

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
04/04/2012				
BID OPENING DATE: 05/17/2012		BID OPENING TIME 01:30PM		

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS SUCH AS PRICE LISTS, ORDER FORMS, SALES AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY ELECTRONIC MEDIUM SUCH AS CD-ROM.						
REV. 05/26/2009						
PURCHASING CARD ACCEPTANCE: THE STATE OF WEST VIRGINIA CURRENTLY UTILIZES A VISA PURCHASING CARD PROGRAM WHICH IS ISSUED THROUGH A BANK. THE SUCCESSFUL VENDOR MUST ACCEPT THE STATE OF WEST VIRGINIA VISA PURCHASING CARD FOR PAYMENT OF ALL ORDERS PLACED BY ANY STATE AGENCY AS A CONDITION OF AWARD.						
REV 07/16/2007						
NOTICE						
A SIGNED PROPOSAL MUST BE SUBMITTED TO:						
DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130						
THE PROPOSAL SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:						
PLEASE NOTE COST PROPOSALS SHOULD BE SEPARATELY SEALED AND CLEARLY LABELED.						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS		
SIGNATURE	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



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Department of Administration
Purchasing Division
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BID OPENING DATE: 05/17/2012		BID OPENING TIME: 01:30PM				
LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
SEALED PROPOSAL						
BUYER:		KRISTA FERRELL-FILE 21				
RFQ. NO.:		FLT11919				
BID OPENING DATE:		05/17/2012				
BID OPENING TIME:		1:30 PM				
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR PROPOSAL:						
410-773-8770						

CONTACT PERSON (PLEASE PRINT CLEARLY):						
Phil Fitzgerald						

***** THIS IS THE END OF RFQ FLT11919 ***** TOTAL:						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE			TELEPHONE		DATE	
TITLE			FAX		ADDRESS CHANGES TO BE NOTED ABOVE	

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Attachment A: Vendor Response Sheet.....	2
Attachment B: Mandatory Specification Checklist.....	33
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Attachment A: Vendor Response Sheet

2.3 Qualifications and Experience

2.3.1 General: Vendors will provide in **Attachment A: Vendor Response Sheet** information regarding their firm, such as staff qualifications and experience in completing similar projects; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met.

2.3.2 Vendor Data:

2.3.2.1 Business Description:

Response

PHH Arval is a leading provider of outsourced fleet management solutions in the United States and Canada. Our clients include government agencies, nearly a third of the Fortune 500, hundreds of midsize companies and emerging businesses, and over a quarter of Top 200 private truck fleets.

With over 567,000 vehicles under management in the United States and Canada, and more than 2 million vehicles worldwide in conjunction with its strategic partners, PHH is one of the leading fleet management companies in the world. Our headquarters locations are Sparks, MD and Mississauga, Ontario, and we have regional offices throughout the U.S. and Canada.

2.3.2.2 Business Name: PHH Vehicle Management Services, dba PHH Arval

2.3.2.3 Address: 940 Ridgebrook Road

2.3.2.4 City, State and Zip Code Sparks, MD 21152

2.3.2.5 Primary Contact Name Phil Fitzgerald

2.3.2.6 Telephone Number 410-771-1560

2.3.2.7 Email Address: phil.fitzgerald@phh.com

2.3.2.8 Has your firm done work with the State in the past 18 months? If so, please describe that work.

Response

No.

2.3.2.9 List a description of recent (within the past 5 years) of similar work or projects performed that are similar to that described above. Provide as much detail as possible, attaching additional information as appropriate.

Response

PHH has provided similar services to many governmental and commercial customers. Examples include:

- The State of Maryland, which is a current 5-year contract involving over 12,000 vehicles covering 90 State Agencies for maintenance, accident, and roadside assistance.
- The State of Connecticut had over 2000 State Trooper vehicles which PHH provided maintenance for the entire fleet.

- On the commercial side, we provide service to large fleets such as Comcast and Verizon, which have all of the above service plus vehicle purchasing, disposal, leasing, and driver safety programs.

2.3.2.10 Has your firm ever been terminated from a project before project completion? If yes, please explain.

Response

No.

2.3.2.11 Does your firm have any pending litigation against it? If yes, please explain.

Response

PHH and its affiliates are involved in motor vehicle accident litigation and other commercial litigation in the ordinary course of its business as a leasing and management company. There are no actions pending that adversely affect the ability of PHH to perform the services contemplated herein.

2.4 Project Goals and Objectives

Some project goals and objectives may be tangible based on historical data, in which case, historical annual data is provided in 2.2. Background and Current Operating Environment. In instances where historical annual data is available, a specific empirical annual objective is provided in the table immediately following the objective. In those cases, the State intends for the Vendor to provide responses outlining its methodology to meet or surpass the objective, existing programs which meet or surpass the objective requirement, and a timeline for implementation based on the data provided in 2.2 Background and Current Operating Environment that is known.

Some project goals and objectives may be intangible or not supported by specific historical data in 2.2 Background and Current Operating Environment. In those cases, the State intends for the Vendor to provide responses outlining its methodology to meet or surpass the objective, existing programs which meet or surpass the objective requirement, and a timeline for implementation based on the data provided in 2.2 Background and Current Operating Environment that is known.

2.4.1 Goal: Provide comprehensive fleet services for constitutional and non-constitutional governmental entities:

2.4.1.1 Objective: Implement integrated fleet services that meet the current and future needs of the State of West Virginia as specified in 2.2 Background and Current Operating Environment.

2.4.1.2 Objective: Implement data analytical service management using integrated, browser client-server applications for the following core fleet processes:

- 2.4.1.2.1 Fleet utilization management
- 2.4.1.2.2 Fleet selector list development
- 2.4.1.2.3 RFX specification development
- 2.4.1.2.4 Carbon footprint benchmarking and reduction
- 2.4.1.2.5 Maintenance management
- 2.4.1.2.6 Driver behavior assessment and compliance
- 2.4.1.2.7 Fleet cycling (replacement management)
- 2.4.1.2.8 Total cost of ownership analytics
- 2.4.1.2.9 Cost management and cost containment
- 2.4.1.2.10 Industry best practice modeling
- 2.4.1.2.11 Supply chain management
- 2.4.1.2.12 Garage management

Response

PHH's online client information management system, PHH InterActive, will meet all the data management objectives outlined in 2.4.1.2 above. PHH InterActive is built on the powerful foundation of PHH's extensive and nationally recognized data warehouse. This powerful information platform feeds integrated systems, resources and reporting tools that support more effective cost management and better decision-making through real-time, multi-level access to accurate, actionable information.

PHH InterActive captures transaction information that enables you to track, analyze, and obtain reports on virtually all vehicle expenses, processes, and transactions. Extensive reporting capabilities in PHH InterActive provide both summary and detail information in every cost category, including acquisition, maintenance, fuel and accident management.

In addition to the standard reports available on PHH InterActive, PHH's Fleet Analysis and Reporting Services capture your total fleet costs; display them in a variety of formats, including cents-per-mile or dollars-per-month, or by month, quarter, year, or vehicle service life; and provide detail and summary reports to help you manage costs, spot exceptions, identify and interpret trends, benchmark your fleet performance, and report on and evaluate CO2 emissions through our PHH GreenFleet program.

- 2.4.1.3 Objective: Implement narrative and graphical performance reviews for the FMO (consolidated) and state spending units (by spending unit billing code), no less than annually to demonstrate achieved cost savings for the state and spending units as well as identifying other service areas with the potential to achieve increased cost savings or cost containment for the state and spending units.

Response

PHH's business review process will meet the objectives outlined in 2.4.1.3. Formal business reviews, typically conducted quarterly, are designed and scheduled according to each client's specific business cycle and requirements. Your business review will be conducted by **Phil Fitzgerald**, your Account Executive, and will include a comprehensive update of your fleet

program, progress toward current initiatives, and discussion of future objectives and opportunities aligned with your overall State goals. Performance metrics are reviewed in the form of a scorecard.

In addition to mutually established goals, PHH compares your fleet costs against three (or more) benchmarks:

- Industry composites and other State fleet customers. Information is available in PHH InterActive and also through policy surveys.
- Your budget. You will know where you are tracking against projected costs.
- Your own fleet costs from fiscal year to fiscal year, by agency and in total. Identify whether your cost items are stable, or going up and down, and take the right actions at the right time to influence the numbers.

2.4.1.4 Objective: Implement user training ensuring users can:

2.4.1.4.1 Demonstrate a high-level understanding of fleet browser client-server applications.

2.4.1.4.2 Utilize reporting functionality.

Response

During implementation, PHH's Client Technology Services team will setup a central meeting and/or regional meetings to train all of your employees and meet the objectives outlined in 2.4.1.4. This team is dedicated to supporting our clients for PHH websites and electronic commerce activities. Telephone and email support is available Monday through Friday, 8:00 a.m.-8:00 p.m. eastern time. In-context help throughout PHH InterActive, plus training-on-demand videos, make it easy and convenient to learn about specific PHH InterActive capabilities.

PHH Fleet Management University, available from the PHH InterActive home page after you log in, is an e-Learning tool designed to provide on-demand training that's convenient when you need it, 24/7. PHH Fleet Management University gives you access to standardized, comprehensive content broken out by logical topics, down-loadable Adobe documents and video content.

2.4.1.5 Objective: Capture, integrate, and provide National Highway Transportation Safety Administration safety data and vehicle recall information to driver and spending unit fleet coordinator using a browser client-server application.

Response

Online ordering functionality in PHH InterActive for Supervisor/drivers provides vehicle safety data.

For recalls, automated processes are in place to ensure notification of vehicles under manufacturer recall. PHH creates a monthly inventory list that is transmitted to respective manufacturers containing pertinent vehicle information. This allows the manufacturer to mail any associated recalls directly to the supervisor in the shortest possible time.

In addition, PHH has a unique automated program that receives information from manufacturers identifying vehicles with outstanding recalls. This "open recall" flag is especially useful when a driver calls in for repairs. When our PHH Service Technician accesses the vehicle information, he or she is prompted to remind the driver and supplier of the outstanding recall. This information remains in our system as an open recall until completed. The system also generates reports for clients advising which vehicles have outstanding or completed recalls.

- 2.4.1.6 Objective: Implement a toll-free telephone number for a maintenance management contact center.

Response

PHH provides a toll free phone number exclusively for the State of West Virginia to directly access our Maintenance Customer Contact Center.

- 2.4.1.7 Objective: Implement a maintenance management contact center that is available to the state twenty-four (24) hours daily, including weekends and holidays.

Response

PHH's Maintenance Customer Contact Center is staffed with experienced PHH Service Technicians 24 hours a day, 7 days a week, with the exception of a limited holiday schedule on Thanksgiving and Christmas Day, during which calls are automatically referred to our roadside assistance partner.

- 2.4.1.7 Objective: Implement a payment mechanism for preventive maintenance such as coupon, virtual coupon, limited value service card, or browser client-server application that does not require pre-authorization by a driver prior to use.

Response

PHH's flexible card-based maintenance management program gives your drivers the convenience of a true one-card solution for managing routine service, maintenance and repairs, emergency roadside assistance, accident repairs, and daily rentals.

When preventive maintenance, such as an oil change, is needed, drivers take their vehicles to a PHH network supplier. The driver presents his/her PHH Service Card to the technician upon arrival. The card can be set with a spending threshold at whatever dollar amount the State would like to limit its drivers.

- 2.4.1.8 Objective: Implement maintenance management based on but not limited to established parameters such as time, calendar, odometer, power take off, or operating hours.

Response

PHH's Preventive Maintenance (PM) Notification program provides flexibility in tailoring driver notification timeframes according to your specific requirements. For example, you may wish

notifications to go to drivers 10 days before PM is due, or 15 days may be more appropriate for your drivers. You can select any notification timeframe between 0-365 days.

The PM Notification program predicts PM for each vehicle according to its historical data for more accurate PM. This capability is particularly important when transitioning your fleet to PHH, since it enables us to provide PM services based on your vehicles' past maintenance history.

The PM Notification program is flexible enough to direct PM notification reports to whatever management level appropriate for your organization. Notifications can be viewed on PHH InterActive on a unit-specific level or by total fleet. PHH InterActive also includes a compliance report and information about follow-ups with a specific unit number or driver.

Your PHH Case Manager, **Jason Roberts**, consults with you to customize the Preventive Maintenance Notification service to fit your specific maintenance policies and schedules; the system is flexible enough to allow a custom-designed schedule for every vehicle if needed. This can accommodate mileage, hours, and calendar dates. Comprehensive reporting, available online through PHH InterActive, helps determine compliance with the Preventive Maintenance program and review upcoming maintenance needs.

- 2.4.1.9 Objective: Implement a browser client-server preventive maintenance application that is driver-centric and can produce maintenance reminders using Email or SMS and notify spending unit fleet coordinators when established thresholds are pending or have been exceeded.

Response

PHH's Preventive Maintenance Notification program proactively informs your supervisors/drivers of scheduled maintenance and inspection needs for their vehicles. Supervisors/drivers receive notifications via email when preventive maintenance is due and exception notifications are issued when it is not complete in the time period required.

- 2.4.1.10 Objective: Implement a browser client-server maintenance management and repair application for light-duty vehicles that provides real-time, line item visibility of maintenance and repair outcomes (invoices, work orders, or work requests), including narrative comments (if applicable) which contain documented savings in reduced labor rate charges, reduced parts charges, reduced core charges, and any warranty recovery savings.

Response

PHH InterActive captures every detail of every maintenance transaction, not only for light-duty trucks but for all vehicles on PHH's maintenance program. To help track repair status, maintenance data is updated within minutes of entering it into our system, giving you real time access to information through PHH InterActive. You can establish Fleet Notifications on the PHH InterActive home page to view specific maintenance transactions by type or repair, by driver, or by cost levels that you specify. In addition, supervisors can view the Service Technician's notes on each repair and see the negotiations for both the repair and the pricing.

PHH InterActive includes extensive maintenance reports, including transactions by ATA code,

driver participation report, vehicle savings history, lifetime history summary or detail for all vehicles or one unit, and more

- 2.4.1.11 Objective: Implement repair service management based on but not limited to established thresholds such as time, calendar, odometer, power take off, operating hours, estimated cost, and existing statewide contracts.

Response

Please refer to #2.4.1.8.

- 2.4.1.12 Objective: Implement management of third-party logistics Vendors (3PL).

Response

For the State of West Virginia, as PHH had done for its other government customers, we have designed two programs from which the State can choose one:

Open Network Supplier Program

This program is design to allow State vehicles to go to any supplier and receive the services required. There will be a 5% handling fee charged to all gross invoices for this program.

The advantage of the Open Network program is that drivers have access to all suppliers, as well as PHH's preferred network of shops, increasing the coverage and availability of qualified suppliers to the State. PHH maintains regular contact with all suppliers in our Open Network, and we have metrics in place to measure supplier performance against industry benchmarks for each type of service.

Preferred Network Supplier Program

Under this solution, drivers use the shops that are within PHH's current network; these suppliers have agreed to provide up to 30 days storage and meet other standards required by PHH.

The advantage to the Preferred Network solution is that PHH will direct the drivers to our shops in the network; with the increase in volume, PHH will strive to negotiate pricing for both labor and parts prior to the contract being implemented. In addition, PHH will utilize our key parts suppliers to provide OEM and OEM-equivalent quality parts at reduced pricing. Important items such as friction parts and upgraded batteries will be available at reduced pricing. There are currently over 42 parts locations within the State. There will be a 2.5% handling fee on all gross invoices for this program but PHH's re-billers fee will be in effect.

PHH Network Management

In our Vehicle Maintenance Assistance department, every supplier is monitored on every maintenance transaction to ensure validity and accuracy of repair estimates and other service metrics. Similar metrics monitor and measure supplier performance in other areas.

We incorporate driver and client feedback in our supplier performance management program through individual surveys following transactions and client-specific driver surveys that give drivers the opportunity to provide input on their experience with our supplier networks.

In addition, many PHH suppliers have completed training in our Six Sigma-based Rally to Results performance management program and provide specific information to support metrics tracked in their specific service areas.

PHH's supplier management team is in routine contact with suppliers, drivers and State fleet contacts, collecting information about the current performance of the network and looking for ways to enhance the level of service we provide customers. We are committed to developing and managing a supplier base that supports the State today and in the future, provides outstanding services and offers competitive pricing.

- 2.4.1.13 Objective: Implement a browser client-server application that demonstrates warranty recovery results by 3PL for each spending unit.
 - 2.4.1.13.1 3PL provides the lowest repair cost to the state.
 - 2.4.1.13.2 3PL executes real-time odometer entry and accounts receivable processing.
 - 2.4.1.13.3 3PL is within reasonable proximity to vehicle location – five (5) miles.
 - 2.4.1.13.4 3PL uses Original Equipment Manufacturer (OEM) or equivalent, warrantied parts during vehicle warranty period. Post OEM warranty coverage period, the 3PL uses OEM or equivalent after-market parts whichever is most cost-effective.
 - 2.4.1.13.5 3PL recovery of ninety (90%) percent or more of warrantied part's value through part replacement by the 3PL or reimbursement by the part's manufacturer.
 - 2.4.1.13.6 3PL payment credit or reimbursement of ninety (90%) percent or more of the manufacturer part's warranty value with "Warranty recovery" clearly identified on spending unit invoice or reimbursement check detail if payment is made by check.

Response

PHH routinely records warranty recovery and can provide the recovery either in total or by agency vehicle. Normally, warranty recovery is reviewed in total during your quarterly business reviews, but also can be accessed via PHH InterActive.

PHH's Service Technicians utilize numerous pricing manuals, including Mitchell's, along with local market conditions to evaluate each repair and obtain competitive pricing. To ensure accurate mileages for each vehicle, PHH obtains the mileage at the time of each repair.

In addition, if the State can provide mileage from its fuel provider, this can be integrated to ensure accurate mileage reporting. Finally, odometer information is captured daily from six PHH system feeds, including Vehicle Expense Reporting, Vehicle Maintenance Assistance (VMA), Fuel and National Accounts, Warranty Recovery, Fleet Administration Services, and Vehicle Accident Services. Odometer readings are validated through a filtering process, then "smoothed" to recalculate estimated monthly odometer readings. The smoothing process improves accuracy, fills in missing months, and projects 36 months through a sophisticated method of forecasting mileage.

PHH's Open Network and Preferred Network supplier listings can be viewed on PHH InterActive by the driver and/or supervisor. In most cases there will be a qualified supplier within five miles of the driver's location.

With each repair, the PHH Service Technician ensures that the repair facility is only utilizing

OEM or equivalent parts. When a vehicle is out of warranty, OEM equivalent parts and/or OEM parts are utilized, whichever is less expensive.

Warranty recovery is identified, but normally reimbursement by the OEM is via no-charge service. If any warranty claim within an active warranty is returned via check, it will be fully returned to the State/Agency. For vehicles experiencing post-warranty service, any monetary remuneration from an OEM and/or vendor is passed back directly to the State/Agency.

- 2.4.1.14 Objective: Implement and manage a maintenance management contact center available to drivers and fleet coordinators 24/7/365.

Response

PHH's Maintenance Customer Contact Center is staffed with experienced PHH Service Technicians 24 hours a day, 7 days a week, with the exception of a limited holiday schedule on Thanksgiving and Christmas Day, during which calls are automatically referred to our roadside assistance partner.

- 2.4.1.15 Objective: Implement and manage a 24-hour roadside assistance program with the following core functions:
- 2.4.1.15.1 Toll-free assistance line.
 - 2.4.1.15.2 Emergency towing service.
 - 2.4.1.15.3 Tire-changing service.
 - 2.4.1.15.4 Battery jump service.
 - 2.4.1.15.5 Lockout service.
 - 2.4.1.15.6 Integration with maintenance and repair services management objectives so that drivers and agency fleet coordinators may contact a primary point of contact.

Response

PHH's Emergency Roadside Assistance program meets all requirements outlined in 2.4.1.15. When drivers need maintenance-related roadside assistance, they call the maintenance assistance Customer Contact Center. Drivers with mobile devices can also reach the maintenance Customer Contact Center using PHH's mobile applications. The PHH Service Technician will assess the situation and authorize roadside assistance or a tow as needed. Tow requirements such as mechanical failures, flat tires, etc., are dispatched through our preferred supplier, RoadAmerica. We also utilize a secondary provider to meet peak seasonal demands. In addition, if a supervisor requires direct assistance for any reason, your Case Manager, **Jason Roberts**, can be contacted directly.

- 2.4.1.16 Objective: Implement a browser client-server application for agency-tailored garage management and parts inventory management.
- PHH can provide a system by which the agency garages can enter PO's from the shops into our system but PHH does not have a garage system.
- 2.4.1.17 Objective: Implement a browser client-server application providing one-click access to maintenance and repair services management data.
- 2.4.1.17.1 American Trucking Association (ATA) Codes (or equivalent)
 - 2.4.1.17.2 Chilton Labor Guide (or equivalent)

Response

PHH InterActive includes extensive maintenance reports, including transactions by ATA code, driver participation report, vehicle savings history, lifetime history summary or detail for all vehicles or one unit, and more. In addition, you can use PHH InterActive to create customized information queries.

Mitchell Audit Software, Chilton and Motors manuals and OEM websites and publications provide average labor times, part requirements and part prices for comparison.

- 2.4.1.18 Objective: Implement the integration of new vehicle delivery, used vehicle decommissioning and disposal, licensing, fuel, accident, and vehicle data changes.

Response

All vehicle data is integrated in PHH InterActive.

- 2.4.1.19 Objective: Implement a browser client-server application for payroll reporting and labor hours that is integrated with garage management and parts management data.

Response

PHH InterActive can receive most downloads from other sources, but PHH does not have a stand-alone garage management system capable of reporting on payroll and labor hours. PHH is currently in discussions with partners that have software which can manage shops and have the capability of capturing the payroll and labor hours. PHH estimates this solution could be in place in time to meet the State's requirements.

- 2.4.1.20 Objective: Integrate accounts payable functionality for 3PL invoices with garage management and part inventory management data.

Response

PHH has the capability to capture 3PL invoices and can receive PO feeds from your garages to be entered into the individual vehicle's history. We are currently developing a garage and parts inventory management data system.

- 2.4.1.21 Objective: Implement a browser client-server application for parts management which includes:
- 2.4.1.21.1 First-in/first-out functionality
 - 2.4.1.21.2 Stock Keeping Unit (SKU) management
 - 2.4.1.21.3 Manufacturer cross-reference
 - 2.4.1.21.4 Integrated parts replenishment across multiple spending unit garages or 3PL suppliers with automated ordering through integrated alert system (agency garages) or email and fax.

Response

PHH currently does not have this capability.

- 2.4.1.22 Objective: Implement notification by on-screen alert to garage supervisor, service writer, and service technicians upon parts arrival and inventory update.

Response

PHH currently does not have this capability

- 2.4.1.23 Objective: Implement e-mail notification to user group (driver and supervisor) and garage supervisor on vehicle status.

Response

PHH has the capability to email notification to user groups and garage supervisors of vehicles status on vehicles at outside vendors.

- 2.4.1.24 Objective: Implement bar coding to record labor hours, asset management, parts inventory, work order creation, and other user-defined templates.

Response

PHH does not have this capability.

- 2.4.1.25 Objective: Implement garage management reporting of garage performance both internally (in-house) and externally (3PL sublet).

PHH can report on external 3PL locations

- 2.4.1.25.1 Fully-burdened labor rate
- 2.4.1.25.2 Parts turn rate
- 2.4.1.25.3 Parts inventory
- 2.4.1.25.4 Staffing levels
- 2.4.1.25.5 Labor hours
- 2.4.1.25.6 Work requests missing parts
- 2.4.1.25.7 Work request history
- 2.4.1.25.8 Controlled authorization savings

Response

PHH does not have the capability to report on the above, except as noted.

- 2.4.1.26 Objective: Implement and manage a leased vehicle program.
- 2.4.1.26.1 An existing vehicle is no longer operable and/or is impractical to repair and requires replacement temporarily until a new vehicle is purchased.
 - 2.4.1.26.2 An additional vehicle is needed for a new employee temporarily until a new vehicle is purchased.
 - 2.4.1.26.3 An additional vehicle is needed for a new agency function, mission, or program until a new vehicle is purchased.
 - 2.4.1.26.4 An additional vehicle is needed to support seasonal or short-term projects/programs.

Response

Whether you need a rental car for just a day or for months to come, PHH can help you obtain a vehicle to meet your needs.

Daily rentals between 1-29 days can be acquired by presenting the PHH Service Card at one of

our participating national account suppliers, including Avis Rent A Car. This supplier offers national account pricing on a nationwide basis.

For long term rentals, those between 30-365 days, your account consultant can arrange a mini-lease through our participating supplier, Avis Rent A Car. These suppliers offer national account pricing on a nationwide basis at rates below the typical daily rate.

- 2.4.1.26.5 Replacement reporting to monitor the status of leased vehicles and indicate the ongoing replacement cycle of leased vehicles based upon mileage and length of service thresholds.

Response

PHH InterActive includes replacement reports that monitor the status of leased vehicles and notifies fleet contacts of approaching replacement dates.

Part of PHH's consultative account management strategy is to work with each client on key fleet policies, including replacement timing and remarketing strategies. The information management capabilities of PHH's data warehouse enable us to conduct an analysis of specific fleet needs using your own operating information, costs, productivity factors and other key business drivers to develop replacement recommendations tailored specifically for your fleet.

- 2.4.1.26.6 Upon receipt of a state contract order, order each vehicle directly with the appropriate manufacturer.

Response

PHH places your vehicle orders directly with the appropriate manufacturer via PHH InterActive for efficiency and accuracy. PHH InterActive includes PHH FleetSelect, our North American ordering system, as well as selector planning and ordering tools including proprietary life cycle cost information and an easy-to-use spec'ing and pricing tool.

Your PHH team will help you create vehicle profiles in PHH FleetSelect for each vehicle, driver group, or vehicle category that integrate your policy, special requirements, and current motor company information. These profiles simplify the ordering process and allow you to see enhanced views of each vehicle.

Everything related to your orders is located in one place in PHH FleetSelect for easy order entry. Each step of the order process is validated to ensure accuracy, compatibility, and availability. Based on your preferences, fleet contacts and/or your PHH Account Team can place vehicle orders in PHH FleetSelect.

- 2.4.1.26.7 Deliver leased vehicles to the State's Surplus Property Division in Dunbar, West Virginia.

Response

PHH's Door-to-Door Delivery service includes delivery of the new PHH unit and pick-up of the turn-in vehicle at the State's Surplus Property Division in Dunbar, West Virginia.

- 2.4.1.27 Objective: Implement a standard lease agreement (hereafter referred to as MVLA) meeting West Virginia Constitutional requirements.

Response

PHH will be partnering with Wells Fargo Equipment Financing, Inc. to provide your lease funding. See Wells Fargo Equipment Financing, Inc. attached proposal

2.4.1.28 Objective: Implement a separate MVLA for each leased vehicle.

2.4.1.28.1 The lease term may be variable in twelve (12) month increments for a final period not to exceed forty-eight (48) months. After the final period, the lease may be extended on a month-to-month basis until terminated by written notification from the FMO to the Vendor.

2.4.1.28.2 Included (base) mileage for each vehicle lease may be 25,000 miles annually.

Response

See Wells Fargo Equipment Financing, Inc. attached proposal.

For the vehicles and categories identified in Table 2.4.1.28, please provide the following information in the vendor response for Goal 2.4.1:

Lease Cost Analysis – Table 2.4.1.28				
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4
Model Year	2012	2012	2012	2012
Make	Chevrolet	Dodge	Ford	Chevrolet
Model	Impala	Grand Caravan Minivan	Econoline Wagon Van	Sierra 2500HD
Trim Level	Sedan (1WF19)	Passenger Minivan (RTKH53)	E-350 Passenger Van (E3B)	Pickup (TK20903)
Capital Cost Data				
Vehicle Invoice Price	\$24,998	\$23,525	\$30,335	\$31,127
Manufacturer General Lease Incentive	\$6,000	\$2,800	\$8,000	\$9,100
Vendor Procurement and Handling (includes all fees and	\$150	\$150	\$150	\$150

charges)				
Total Capitalized Cost	\$19,148	\$20,875	\$22,485	\$22,177
Finance Data				
Lease Interest Rate	See Wells Fargo Equipment Financing, Inc's Proposal			
Basic Interest Rate Index				
Admin. Fee/Factor Schedule	0	0	0	0
Lease Term	36	36	36	36
Depreciation Period (months)	36	36	36	36
Fixed Interest Index (months)	36	36	36	36
Lease rate Payment Data				
Actual Months in Service	36	36	36	36
Estimated Miles in Service	75,000	75,000	75,000	75,000
Total Lease Paid at Turn-in	\$1	\$1	\$1	\$1
Monthly Lease				
Lease Cost Data				
Capitalized Cost	\$19,148	\$20,875	\$22,485	\$22,177

Remaining Book Value	\$0.00	\$0.00	\$0.00	\$0.00
Estimated Resale (use Commercial Black Book)	\$8749	\$7,528	\$7280	\$7,782
Sale over/under Book Value				
Net Effect Data				
Net Lease				
Net Effective Lease Per Month				
Net Effective Depreciation Per Month				

- 2.4.1.29 Objective: Implement a program where MVLA lease payments transferred or assigned by the Lessor (hereafter referred to as Vendor) to a subcontractor, 3PL payment service, assignee, or finance company are requested in advance, in writing to the FMO, and prior to the leased vehicle being ordered. Additionally, the program ensures the proposed subcontractor, 3PL payment service, assignee, or finance company: a) registers as a Vendor with the State of West Virginia; b) requests in writing to accept payment on behalf of the Vendor; and c) states their willingness to accept the terms and conditions stipulated in the MVLA.

Response

PHH's partner, Wells Fargo Equipment Financing, Inc., will register with the State, but requires that the State accept its terms and conditions.

- 2.4.1.30 Objective: Implement a process to ensure that leased vehicle title and registration documents read: [Vendor] c/o WV DOA FMO.

Response

Upon award and ordering of vehicles, PHH will register and title the units in the name of WV DOA FMO with Wells Fargo Equipment Financing, Inc. as the lien holder.

- 2.4.1.31 Objective: Implement a process whereby FMO furnishes written orders for vehicles to be leased, specifying make, model, and equipment requirements including any modification or upfitting by the manufacturer or third party.

Response

PHH provides a vehicle order acknowledgement for factory ordered vehicles via PHH InterActive. Email notification can be set up so the fleet manager or other contacts know when

acknowledgement data is available for review. The data posting takes place the day after the vehicle order is transmitted to the motor company. PHH can comply with the upfitting requirement, but for third-party upfitting there is normally a 2% charge to manage the process.

- 2.4.1.32 Objective: Implement a program fee rate structure for items contained in 2.5 Mandatory Requirements that ensures lease vehicles receive fee rates for mandatory requirements equal to state-owned vehicles, e.g., if state-owned vehicles are charged \$X.XX for accident management, leased vehicles should also be charged \$X.XX for accident management.

Response

All leased vehicle will be charged the same service fees as is currently charged for vehicles on the maintenance and accident programs.

- 2.4.1.33 Objective: Implement a process whereby the Vendor sells each leased vehicle. Upon sale of each leased vehicle, the Vendor retains any costs which it may have incurred in transportation and marketing of the vehicle, fees paid (including auction fees), and repairs or replacements necessary to merchandise the vehicle, to arrive at the net resale proceeds for calculation of lease rate adjustments.

Response

PHH Remarketing experts will manage the resale of the States used vehicles. Our experienced sales managers understand their regional markets and recommend the sales approach that will achieve the best possible results.

PHH InterActive Dashboard and Report Catalog enable you to track trends and all the details of each vehicle sale, including *Black Book Commercial Guide* data. A summary depreciation analysis outlines averages such as odometer, months in service, sale price, percent of original cost, percent of actual monthly depreciation, and days to sell by sale outlet.

An electronic Sold Unit Report captures all aspects of each sale, reports the net sale proceeds as a percentage of the vehicle's original cost, and compares it to the published used vehicle performance value.

According to the *Black Book Commercial Value Guide* commercial users' report card, PHH Remarketing consistently outperforms the *Black Book Commercial Guide* industry benchmark. PHH's percentage of Black Book value sales achieved in 2011 was 113.9%, compared to an aggregate industry peer group average of 112.4%.

- 2.4.1.34 Objective: Implement a process whereby the Vendor pays to the FMO as a lease rate adjustment on automobiles and light trucks (under 10,000 GVWR), 100% of any excess of the net resale proceeds over the depreciated value of the vehicle. If the net resale proceeds are less than the depreciated value of the vehicle, the FMO pays to the Vendor as a lease rate adjustment for the amount of such deficiency, provided that the Vendor guarantees to the FMO minimum net resale proceeds equal to 25% of the Capitalized Value at the beginning of the initial lease term. If the FMO elects to extend beyond the initial lease term, the Vendor guarantees 25% of the fair market value of the vehicle at the inception of the concluding month's extension period. "Fair Market Value" is defined as the resale value for automobiles and light trucks

(under 10,000 GVWR) as reported by Black Book Official Used Vehicle Market Guide as published by National Auto Research Division, Hearst Business Media Corporation or its successor publications or publishers as of the publication date immediately preceding the last day of the month which immediately precedes the month in which termination of the particular lease vehicle occurs.

Response

See Wells Fargo Equipment Financing, Inc. response

- 2.4.1.35 Objective: Implement a program whereby FMO may use lease vehicles for any legal purpose. Vehicles leased under a Contract may not be operated outside the contiguous United States. Title to each leased vehicle remains in the name of the Vendor c/o WV DOA FMO, but the Vendor has no control or supervision of the operation of the leased vehicle.

Response

See Wells Fargo Equipment Financing, Inc. response

- 2.4.1.36 Objective: Deliver leased vehicles to the FMO, no later than fifteen (15) days prior to the expiration of the first and any subsequent license period, documents which may be necessary for the FMO to obtain state license tags, certificates of title and similar permits for the authorized operation of the vehicle.

Response

PHH can comply, subject to scheduling and shipping from the OEMs.

- 2.4.1.37 Objective: Administer the disposal of lease vehicles terminated by the FMO:
- 2.4.1.37.1 Arrange for vehicle pickup.
 - 2.4.1.37.2 Send termination notices to agencies and vehicle drivers.
 - 2.4.1.37.3 Sign related disposal documents including odometer statements.

Response

PHH's Remarketing processes and team can meet the objectives outlined in 2.4.1.37 above.

- 2.4.1.38 Objective: Implement a program whereby the Vendor warrants that it is the sole and absolute owner of the lease vehicle; that the Vendor has the right to lease the vehicle to the FMO; that the vehicle is free of encumbrances at time of delivery to the FMO (other than the interest of an Assignee, that the Vendor will not cause the vehicle to become subject to lien or encumbrance; that the Vendor will not sell, assign, lease or otherwise dispose of the vehicle except as provided above; and that the Vendor will do nothing to disturb FMO's full right of possession and enjoyment of the vehicle and the exercise of all the FMO's rights with respect to the lease vehicle as provided by a Contract.

Response

See Wells Fargo Equipment Financing, Inc. response

- 2.4.1.39 Objective: Implement a program whereby the FMO is permitted to sub-lease lease vehicles in a Contract to other governmental entities. In the event FMO sub-leases any vehicles subject to a Contract to be used or operated by any present or future subsidiary, parent or affiliate of the FMO (hereafter referred to as "Related Governmental Entity"), The FMO agrees that notwithstanding: (a) use or operation by a Related Governmental Entity; (b) any direction by FMO to the Vendor to invoice a Related Governmental Entity; and (c) any payment made by a Related Governmental Entity with respect to the lease vehicle, all such lease vehicles shall at all times remain subject to the terms and conditions of the Contract and the FMO shall at all times retain authority under the Contract.

Response

See Wells Fargo Equipment Financing, Inc. response

- 2.4.1.40 Objective: Implement a browser client-server fringe application which is integrated with Vendor-provided maintenance, repair service, and garage management applications.

Response

PHH's Personal Use Taxable Benefit Reporting helps you manage the administration of IRS requirements related to personal use of State vehicles. The program offers drivers the ease of reporting business and personal mileage online via PHH InterActive for Drivers at any time that is convenient for them.

PHH's Odometer Warehouse captures odometer information daily from PHH system feeds. Odometer readings are validated through a filtering process, then "smoothed" to recalculate estimated monthly odometer readings. The smoothing process improves accuracy, fills in missing months, and projects 36 months through a sophisticated method of forecasting mileage.

- 2.4.1.41 Objective: Implement a fringe program that meets Internal Revenue Service substantiation requirements as required by the Internal Revenue Service (IRS) Publication 15-B, Employer's Tax Guide to Fringe Benefits, published under U.S. Code Title 26.

Response

PHH's Personal Use Taxable Benefit Reporting program will calculate the annual taxable benefit as outlined in IRS Publication 15B. As part of the Personal Use Taxable Program (PUTB), PHH can produce a final report at year end that can be used to make any necessary payroll adjustments. If your organization uses payroll deduction to collect for personal use throughout the year, PHH accepts an Excel file of the actual payroll amounts deducted for each employee. We reconcile the actual amount to the benefit calculation, and the final report provides the reportable dollar benefit that your payroll department uses to prepare the W-2.

- 2.4.1.42 Objective: Provide trip logging and calculation functionality for official use, personal use, employee-owned vehicle mileage reimbursement, and rental car use.

Response

PHH can provide reporting on personal use, but the IRS also requires each individual to keep trip logs.

- 2.4.1.43 Objective: Provide reporting workflow that includes employee, employee supervisor or Spending Unit Fleet Coordinator, and others as designated by the FMO.

Response

PHH is not sure what the State desires but we could discuss implementing a Six Sigma Kaizen event. This is where we look for process improvement opportunities related to a specific 'workstream' or process. For example, we are currently working with a client to map the driver termination process so PHH is notified at the right time and that information flows between PHH and the Client with as little intervention as possible.

- 2.4.1.44 Objective: Implement a browser client-server toll, citation, and violation reporting application which is integrated with maintenance, repair service, and garage management applications.

Response

PHH InterActive includes reports that provide detailed information on parking and toll violations.

- 2.4.1.45 Objective: Provide a payment process for tolls, citations, and violations for enrolled state-owned, leased, rented (by the Vendor), or operated vehicles.

Response

The first parking ticket is left on the vehicle by the representative of the issuing jurisdiction (e.g. a police officer). PHH receives only second, third, or default notices. PHH receives notice of unpaid parking violations after any applicable grace period has expired; PHH receives the follow-up notice approximately 15-30 days after the ticket issuance. These timeframes may vary depending upon the jurisdictions.

PHH submits payment directly to the issuing jurisdiction and bills the charge to the vehicle along with a PHH service fee. Photo citations, including red light and speeding violations, are forwarded to the address on the registration. If PHH's address is on the registration, PHH will receive the notice of violation.

First and second notices are forwarded to the driver to pay/contest. Upon receipt of subsequent notices, PHH will submit payment to the issuing jurisdiction and bill the charge to the vehicle along with a PHH service fee.

Electronic Toll violations

Toll violations that are received at PHH are mailed back to the issuing authority to have liability transferred to the driver at the time of the violation. The driver will be officially responsible for the ticket and will receive notice from the state advising how to satisfy the ticket. For all the toll

roads that do not accept our transfer paperwork, PHH will mail the tickets directly to the driver to handle. If a final or judgment notification is received, PHH will then pay the ticket to clear outstanding balances.

Toll Invoices

If drivers are driving on a cashless toll road and do not have an active toll account, all invoices will be mailed to the address on the registration registered owner for payment. In order to avoid late fees, if the notice is received at PHH, PHH will make payment on the invoice immediately once the notice is received.

As part of our suite of regulatory management services, PHH developed unique violations management capabilities to help manage and effectively reduce costs and keep your fleet legally on the road. In addition to end-to-end process management, PHH experts will consult with you to understand your fleet's current state and recommend programs and policies to reduce costs, help prevent violations, and mitigate costs that do occur.

- 2.4.1.46 Objective: Pay toll, citation, and violation cost for enrolled state-owned, leased, rented (by the Vendor), or operated vehicles throughout West Virginia, Virginia, Kentucky, Ohio, Maryland, and Pennsylvania.

Response

Please refer to 2.4.1.45.

- 2.4.1.47 Objective: Include separate toll, citation, and violation detail on monthly invoicing for state spending units.

Response

PHH can provide monthly invoices for the State spending units.

- 2.4.1.48 Objective: Implement a browser client-server driver behavior management application which is integrated with maintenance, repair service, and garage management applications.

Response

Through the Driver Records program, PHH can track and maintain driver release forms, identify drivers due for MVR re-ordering according to your policy, and manage the re-order management cycle. The program includes driver record checks with online capabilities, high risk reporting, and driver profiling.

We also maintain a database of drivers who have received safety training. By integrating your safety programs, PHH not only simplifies administration, but we also provide extensive information in PHH InterActive to help you track the effectiveness of your safety program.

- 2.4.1.49 Objective: Monitor motor vehicle records (MVR's), collision incidents, and other driver monitoring events as designated by the FMO.

Response

PHH's Motor Vehicle Records (MVR) program ensures all state/provincial-provided motor vehicle data is provided in a standard, reformatted version, which makes review of MVRs from different states more consistent.

PHH's internet-based driver record check applications make the MVR process easy and convenient for you and your drivers. And because the system operates 24/7, you can submit requests any time of day or night – including holidays – and receive the results in near real-time if the driver's authorization for us to pull his/her MVR result is on file.

The Driver Records program accommodates all elements of your fleet policy, including the following:

- Employee spouses and families
- Personal vehicles on State business

2.4.1.50 Objective: Administer driver authorizations and request MVRs based on FMO-defined criteria or thresholds.

Response

FMO-designated fleet contacts can request MVR release invitations to drivers and/or candidates through PHH InterActive to obtain the necessary authorization based upon state requirement the first time through the process. PHH InterActive also delivers reminders to drivers that have not responded to release requests and delivers policy driven notifications to State contacts when MVR release requests remain outstanding. State-designated users with MVR security permissions can view results online (where permitted by law).

If MVRs are requested through PHH InterActive, most states have near real-time turnaround times so results can be returned in seconds.

The secure PHH InterActive for Drivers website also allows your drivers to update their personal information online about their spouse/family member at the time the MVR is released to PHH.

2.4.1.51 Objective: Ensure compliance with the federal Driver's Privacy Protection Act (DPPA) of 1994 and state statute or regulation governing MVR's available at <http://uscode.house.gov/download/pls/18C123.txt> and http://www.transportation.wv.gov/dmv/Forms/DMVForms/DMV-101-PS1_PS2-wf.pdf

Response

PHH has a detailed Data Security Controls Policy that provides specific guidelines regarding the handling and transmission of Personally Identifiable Information (PII). Our policy is compliant with all applicable laws and regulations regarding PII to ensure the security of your employees' information. We can provide an overview of our data security guidelines upon request.

2.4.1.52 Objective: Establish an overall driver behavior assessment for each fleet driver.

Response

PHH's Driver Profile combines our driver record-check database with accident data, 1-800 "How's my Driving and driver safety training data to identify both high- and low-risk drivers operating your vehicles. The Driver Profile integrates all risk-related information, including accidents, MVRs, and safety training over a rolling 36-month timeframe. Each violation and accident is assessed a specific PHH-determined point value. PHH uses its own scoring based on a formulated process that identifies risks, takes into consideration traffic violations and accident information, and places a score based on severity of these attributes.

Our unique scoring system gives you this integrated information at a glance, allowing you to recognize and reward outstanding driving behavior and take action to correct poor driving behavior. The total of points for each driver determines the risk level in which the driver is placed. PHH's data is continually analyzed to ensure that our program predicts the likelihood of future accidents. The weight of the points can be customized if requested.

While assessment criteria can be customized, most clients find it more useful to use PHH's process that reformats records to normalize the thousands of different violation codes to make it easy for you compare driving records of drivers in different states.

- 2.4.1.53 Objective: Assign, integrate, and manage specialized online driver training matched to a driver's behavior, vehicle, and job function.

Response

Targeted, customized safety solutions are a key component of PHH's holistic approach to risk management. Our solutions can be customized to each client's specific needs, and we provide personalized consulting to determine the most effective program or combination of programs.

In addition to traditional driver safety training solutions, PHH is leading the fleet management industry in introducing mobile applications to help clients reduce distracted driving, the leading cause of on-the-job crashes. PHH partnered with ZoomSafer to create **PHH iNmotion**, the fleet industry's first mobile application for smartphones that detects when employees are driving and automatically enforces compliance with State policy. GPS or telematics in fleet vehicles are not required to use this patented product.

For driver safety training, PHH delivers a broad suite of skill and behavior based solutions including online and classroom training, behind-the-wheel, skid car, and simulator training. Safety training solutions are outlined below. These services can be grouped in any fashion to best meet the State's requirements and training objectives.

PHH Center for Transportation Safety

The PHH Center for Transportation Safety focuses on simulator, classroom, behind-the-wheel and mobile training programs for drivers of all classes of vehicles in the United States and Canada.

The Center for Transportation Safety provides driver safety capabilities that cover vehicles of all sizes, including cars and light trucks, police and rescue vehicles, delivery vehicles, straight trucks, tractor-trailers, specialty tractor-trailers, and forklifts. The simulator, classroom, behind-the-wheel and mobile training programs can be accomplished at the client's site or a field location.

PHH Center for Transportation Safety can also provide training for new hires and employees who have been assigned vehicles for the first time and expects to achieve positive results for clients in recruiting and training drivers to receive their Commercial Drivers Licenses (CDLs).

Effective online training solutions

In partnership with Driving Dynamics, a market leader in the field of advanced performance driver safety training, PHH offers comprehensive web-based driver training modules. The training is designed for drivers of all classes of vehicles, from cars to heavy trucks.

Modules focus on key principles that are proven to avoid collisions. Animated, practical and interactive, the training covers both skills-based and behavior-based trainings. Users have the opportunity to check knowledge, go over missed test questions, and take final tests on a wide range of topics.

Incorporating proven instructional tools and techniques for adult learners, Driving Dynamics has enabled fleet-based operations to achieve and sustain reductions in crash rates, in some cases as much as 45%.

Focus on managing risk

PHH offers unique solutions that focus on driver safety as a key element of an organization's overall safety program and a critical step in creating a crash-free culture. PHH solutions can integrate distinct data, 1-800 data & safety training data over a rolling 3-year timeframe

Online training modules address a wide range of topics, including basic defensive driving techniques and driver skill enhancements. Concise 25-30 minute sessions are easy for drivers to use. Adult learning models are used to keep drivers engaged. Knowledge checks help reinforce the materials so that the techniques your drivers learn stay with them. A final test is given at the end of some of the modules.

Safety solutions for specific client needs

To further increase the safety of your fleet drivers and improve the State's risk profile, PHH offers these safety solutions:

- Driver monitoring service ("1-800 How's My Driving?") that provides a toll-free number and vehicle decals that enable third parties to call and report unsafe driving.
- PHH Vehicle Safety Kits to keep drivers safer if they encounter problems on the road.
- PHH Accident Reporting Kits that provide everything a driver needs to efficiently report an accident.
- Driver Safety Online Awards Program, designed to reward drivers for safe driving performance, is linked to the client's intranet site and features customized content for each client.

Event-based training

An additional service - PHH will provide an analysis of the drivers profile and assigns appropriate on-line training lessons.

This program will strive to correct the specific driver behavior and skills via a proactive approach. In addition, the program is tailored to meet the driving safety requirements of the

State.

- 2.4.1.54 Objective: Implement a browser client-server accident management application which is integrated with roadside assistance, maintenance, repair service, garage management applications.

Response

PHH offers a comprehensive, cost effective Vehicle Accident Services program designed to be a total outsource solution for vehicle accident repairs. This program assists drivers after an accident and manages repair processes and costs for fleets that are self insured for physical damage. The overall objectives of the Vehicle Accident Services program are:

- Reduce accident costs and vehicle / driver downtime
- Maximize driver productivity and subrogation recovery

Key components of PHH's Vehicle Accident Services program include:

- *Accident reporting and notification:* PHH Driver Assistance representatives put the driver's immediate needs first and follow with the best information capture and most comprehensive first notice of loss in the industry.
- *Cost-effective repair management:* PHH Certified Adjusters ensure that quality, guaranteed repairs are provided at competitive prices by suppliers belonging to the PHH network.
- *Subrogation:* PHH's subrogation team evaluates claims and does the necessary background work to recover your costs when your driver is in an accident and is not at fault. PHH will take aggressive action to recover all costs related to the repair including bent metal, rental expense, towing, diminished value, loss of use, and any other reasonable expenses for which a claim for recovery can be substantiated.

In addition to the benefits of managed cost and minimized driver and vehicle down time, PHH leverages and integrates your Vehicle Accident Services program with other risk management solutions, including Driver Records and safety programs. The bottom line is an integrated solution and multiple resources that provide a comprehensive risk management picture and enhance the value of our program beyond any single service.

- 2.4.1.55 Objective: Provide core accident management services:
- 2.4.1.55.1 Twenty-four (24) hour support.
 - 2.4.1.55.2 Arrange towing service.
 - 2.4.1.55.3 Provide consolidated billing for roadside assistance and repair service.
 - 2.4.1.55.4 Provide subrogation activities for Vendor-leased vehicles.
Subrogation activities for state-owned vehicles will remain with the West Virginia Board of Risk and Insurance Management.

Response

Accident reporting and driver support

PHH provides toll-free “First Notice” service through our Vehicle Accident Services Customer Contact Center 24 hours a day, 7 days a week. Drivers call the toll-free number to report an accident, receive emergency tow service, and obtain vehicle rental assistance. Drivers with mobile devices can also reach the Customer Contact Center using PHH InterActive for Drivers Mobile.

Our Driver Assistance representative handles your driver’s immediate needs and takes a complete accident report over the phone. The representative is prompted for State-specific policy and reminders, and we can capture answers to specific questions that you may want to track.

PHH developed the most comprehensive accident report form in the industry. Accepted by insurance carriers, the accident is reported in ACORD-style format, includes detailed incident information, and supports an unlimited number of vehicles and/or persons involved. The First Notice of Loss is transmitted to State-designated recipient(s) within one business day. We will also work with the State’s liability carrier to transmit liability and/or injury claims to your third-party administrator (TPA) or insurance carrier.

PHH requests its network body shops to provide free tows, and accident-related tows are generally handled by the body shop. All other tow requirements, such as mechanical failures, flat tires, etc., are dispatched through our preferred supplier, RoadAmerica. We also utilize a secondary provider to meet peak seasonal demands.

Subrogation

PHH’s subrogation team evaluates claims and does the necessary background work to recover your costs when your driver is in an accident and is not at fault. Because we recognize that the cost of repairing bent metal is just one piece of the total cost of an accident, we take aggressive action to recover costs that other suppliers may not pursue, including:

- Rental expense
- Towing
- Loss of Use/Loss of Productivity
- Diminished Value
- Other reasonable expenses for which a claim for recovery can be substantiated.

PHH claims negotiators research police reports, check vehicle registrations, obtain information on the driver at fault, and secure asset checks. PHH’s in-depth knowledge of state laws, understanding of the policy nuances of different insurance companies and offers valuable tools and techniques, such as the ability to arbitrate with insurance companies or set up payments plans for an uninsured party.

Whenever partial or full claims are received, PHH immediately credits our clients’ accounts, less the PHH subrogation contracted fee.

PHH recovered 99% of all subrogation amounts attempted for a total of nearly \$29 million in 2011, representing on average 40% of our clients’ total spending on physical damage, rentals, and fees related to all accidents.

- 2.4.1.56 Objective: Provide, manage, or integrate browser client-server vehicle reservation application with integrated key control system, e.g., Agile Fleet Commander, AssetWorks KeyValet, Invers Mobility COCOS, etc. (or equivalent); and services.

Response

PHH has the ability to integrate with most types of frameworks through comprehensive data exchange. If deep system integration is required then additional costs could be incurred. We may need addition information regarding reservation application.

- 2.4.1.57 Objective: Provide, manage, and integrate a browser client-server asset management application with inventory and multi-criteria replacement methodologies, e.g., vehicle age, accrued mileage, life-to-date maintenance costs, predictive maintenance costs by automotive systems, manufacturer, VIN make, and VIN model.

Response

To support effective asset management and replacement decisions, PHH was the first fleet management company to develop a life cycle cost model, the Vehicle Analyzer, in use for more than ten years. Available to our clients in PHH InterActive's Compare Operating Costs section, the model is consistently updated and enhanced to analyze and compare life cycle costs for fleet vehicles. The model allows side-by-side comparisons of multiple vehicles and looks out 2-5 years at future resale values and maintenance costs.

PHH computes MPG values based on the actual experience of our fleet clients from our data warehouse, combined with EPA and manufacturer data. Resale and maintenance costs are based on predictive modeling, as well as actual experience of our fleet clients from our data warehouse. This is a critical element, as it allows PHH to dynamically update the resale and maintenance cost expectations whenever the user changes resale assumptions.

To help incorporate more "green" vehicles in your fleet, the Vehicle Analyzer provides an estimate of the tons of greenhouse gas (GHG) emissions per month or year, based on the MPG and mileage. The emissions number is custom-calculated based on user-input mileage.

- 2.4.1.58 Objective: Provide, manage, and integrate a browser client-server toll, citation, and violation application to ensure the timely payment of tolls, citations, and violations; provide payment services and consolidated monthly invoicing for State vehicles.

Response

PHH InterActive includes reports that provide detailed information on parking and toll violations. All costs are consolidated on PHH's monthly invoice.

- 2.4.1.59 Objective: Provide, manage, and integrate alternative fuels strategic consulting services for alternative fuel vehicle selector list development; and alternative fueling infrastructure planning.

Response

PHH offers a wide variety of consulting and reporting solutions that can help the State operate a more "green" fleet on a global basis. Examples include:

- Measure and report on CO2 emissions through the PHH GreenFleet program.
- Evaluate renewable fuels such as ethanol and biodiesel blends.
- Implement pilot programs to test new energy or environmentally friendly vehicles or technologies.
- Implement "green" driver training solutions that teach drivers how their driving behaviors impact the environment and provide simple strategies to reduce that impact.
- Analyze specific vehicle needs and develop recommendations for increasing total fleet efficiency and reducing fleet GHG emissions through improved vehicle selection and use.

2.4.1.60 Objective: Integrate and manage browser client-server applications provided by the state's ERP Vendor (currently CGI and Agile Assets). See 2.2. Background and Current Operating Environment.

Response

PHH has the ability to integrate with most types of frameworks through comprehensive data exchange. If deep system integration is required then additional costs could be incurred.

2.4.1.61 Objective: Reduce the percentage of vehicles that are four years old and have 100,000 miles through the use of an automated asset management system.

Fiscal Year	2013
Table 2.4.1.61	
Reduce the percentage of vehicles that are four years old and have 100,000 miles in the aggregate.	(8%)
Reduce the percentage of vehicles that are four years old and have 100,000 miles for the following class of vehicles: sedan.	(6%)
Reduce the percentage of vehicles that are four years old and have 100,000 miles for the following class of vehicles: truck (pick-up and SUV).	(7%)

2.4.1.62 Objective: Reduce the percentage of unresolved manufacturer recalls through the use of an automated recall management system.

Fiscal Year Table 2.4.1.62	2013
Reduce the percentage of unresolved manufacturer recalls older than 30 days from notification by the manufacturer in the aggregate.	(10%)
Reduce the percentage of unresolved manufacturer recalls older than 30 days from notification by the manufacturer for the following class of vehicles: sedan.	(2%)
Reduce the percentage of unresolved manufacturer recalls older than 30 days from notification by the manufacturer for the following class of vehicles: truck (pick-up and SUV).	(16%)

- 2.4.1.63 Objective: Reduce the percentage of incidents and accidents annually through driver behavior assessment, training, motor vehicle record checks, and policy compliance activities.

Fiscal Year Table 2.4.1.63	2013
Reduce the percentage of incidents and accidents annually through driver training, motor vehicle record checks, and policy compliance activities.	(10%)

Vendor Response:

Response

PHH will strive to assist the State in meeting the above objectives, but there are actions that the State must take on its part to help ensure positive results.

- 2.4.2 Goal: Achieve significant programmatic savings by effectively managing the consolidation, utilization, and total cost of ownership (TCO) of the fleet:

- 2.4.2.1 Objective: Demonstrate recent experience (within the past 5 years) providing and implementing fleet management programs and services for governmental entities.

Response

PHH has managed the State of Maryland and the State of Connecticut within the last 5 years. PHH has provided both States with fleet management services which included maintenance management, accident management, roadside assistance, and reporting.

- 2.4.2.2. Objective: Demonstrate experience successfully implementing (no action resulting in debarment by a governmental entity) in at least three separate and distinct instances in governmental entity fleets with 10,000 or more light-duty vehicles.

Response

PHH currently has one government fleet, the State of Maryland, with over 12,000 vehicles on our services.

- 2.4.2.3 Objective: Increase the percentages of vehicles that are centrally managed by the FMO through the use of automation.

Fiscal Year Table 2.4.2.3	2013
Increase the percentages of vehicles that are centrally managed by FMO in the aggregate.	17%
Increase the percentages of vehicles that are centrally managed by FMO for the following vehicle class: sedan.	19%
Increase the percentages of vehicles that are centrally managed by FMO for the following vehicle class: truck (pick-up and SUV).	27%

- 2.4.2.4 Objective: Reduce the percentage of non-exempted vehicles being driven less than 1,500 miles monthly or 18,000 miles annually.

Fiscal Year Table 2.4.2.4	2013
Reduce the percentage of non-exempted vehicles being driven less than 1,500 miles monthly or 18,000 miles annually in the aggregate.	(90%)
Reduce the percentage of non-exempted vehicles being driven less than 1,500 miles monthly or 18,000 miles annually for the following vehicle class: sedan.	(91%)
Reduce the percentage of non-exempted vehicles being driven less than 1,500 miles monthly or 18,000 miles annually for the following vehicle class: truck (pick-up and SUV).	(84%)

- 2.4.2.5 Objective: Achieve a government sector (GS) total cost of ownership (TCO) in cents-per-mile that is lower than the private sector (PS) TCO for the same vehicle classes. Baseline TCO is derived using Edmonds.com.

Fiscal Year Table 2.4.2.5	2013
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TCO (PS/GS) in cents-per-mile (CPM) in the aggregate. TCO includes depreciation, financing, fuel, insurance, maintenance, repair, fees and is computed on 15,000 annual miles using Edmonds.com.	PS \$.55 GS \$.42
Using Edmonds.com, TCO (PS/GS) in cents-per-mile (CPM) for the following vehicle class: sedan. TCO includes depreciation, financing, fuel, insurance, maintenance, repair, fees and is computed on 15,000 annual miles using Edmonds.com.	PS \$.65 GS \$.37
TCO (PS/GS) in cents-per-mile (CPM) for the following vehicle class: truck (pick-up and SUV). TCO includes depreciation, financing, fuel, insurance, maintenance, repair, fees and is computed on 15,000 annual miles using Edmonds.com.	PS \$.51 GS \$.50

- 2.4.2.6 Objective: Achieve programmatic savings equal to or greater than the current ratio of the monthly aggregate savings versus aggregate monthly programmatic charges.

Fiscal Year	2013
Table 2.4.2.6	
Achieve programmatic savings equal to or greater than to the current ratio of the monthly aggregate savings versus aggregate monthly programmatic charges. Programmatic savings include controlled authorizations, centralized purchase order management, national account savings, reduced indemnification expenditures, net time value savings for lease vehicles, fuel loss control rates, etc.	10:1

Vendor Response:

Response

PHH will strive to assist the State in meeting the above objectives, but there are actions that the State must take on its part to help ensure positive results.

- 2.4.3 Goal: Improve compliance with the U.S. Energy Policy Act (EPA 1992) available at <http://www1.eere.energy.gov/femp/regulations/epact1992.html> while reducing greenhouse gas (GHG) emissions and supporting the West Virginia Green Fleet Initiatives available at <http://www.fleet.wv.gov/green/Pages/default.aspx>.

- 2.4.3.1 Objective: Improve the percentage of alternative fuel capable vehicles purchased or leased by the state through specification development, statewide contracts, and leasing agreements.

Fiscal Year Table 2.4.3.1	2013
Improve the percentage of alternative fuel capable vehicles purchased.	64%

- 2.4.3.2 Objective: Reduce annual greenhouse gas (GHG) emissions through the use of telematics technology and integrated reporting systems.

Fiscal Year Table 2.4.3.2	2013
Reduce annual greenhouse gas (GHG) emissions through the use of telematics technology and integrated reporting systems.	(8%)

Response

PHH will strive to assist the State in meeting the above objectives, but there are actions that the State must take on its part to help ensure positive results.

Attachment B: Mandatory Specification Checklist

The following mandatory requirements must be met by the Vendor as a part of the submitted proposal. Failure on the part of the Vendor to meet any of the mandatory specifications shall result in the disqualification of the proposal. The terms "must", "will", "shall", "minimum", "maximum", or "is/are required" identify a mandatory item or factor. Decisions regarding compliance with any mandatory requirements shall be at the sole discretion of the State.

2.5 Mandatory Requirements

The following mandatory requirements must be met by the Vendor as a part of the submitted proposal. Failure on the part of the Vendor to meet any of the mandatory specifications shall result in the disqualification of the proposal. The terms "must", "will", "shall", "minimum", "maximum", or "is/are required" identify a mandatory item or factor. Decisions regarding compliance with any mandatory requirements shall be at the sole discretion of the State.

- 2.5.1 Provide, manage, and integrate information system support for real-time, transactional data capture/retrieval and data warehousing between the Vendor and the FMO. Vendor data warehousing must be secure, on-shore, with redundant continuation of operations capability.
- 2.5.2 Provide, manage, and integrate browser client-server vehicle-leasing services application and leasing services including selector list development based on FMO criteria; replacement methodology development for leased vehicles being replaced with leased vehicles; and lease vehicle services.
- 2.5.3 Provide, manage, and integrate a browser client-server maintenance management and repair application that provides real-time, line item visibility of 3PL maintenance and repair vendor outcomes (invoices, work orders, or work requests), including narrative comments (if applicable) by the Vendor which contain documented savings in reduced labor rate charges, reduced parts charges, reduced core charges, and any warranty recovery savings to the State.
- 2.5.4 Integrate and manage the state's fuel-only credit card program; and provide a browser client-server application to ensure fuel expenditures are appropriate; vehicle performance trends are satisfactory; and Vendor-to-agency monthly billings are accurate.
- 2.5.5 Provide, manage, and integrate a browser client-server centralized account management and business intelligence services application to create master, central, separate account, subordinate division, subdivision, or location-specific hierarchical organizations (chart of accounts) for centralized and decentralized viewing, reporting, and administration as designated by the FMO. Vendor application must provide dynamic application filtering between hierarchical organizations and robust user administration to ensure user roles or the application itself can be adjusted by the FMO or hierarchical designees.
- 2.5.6 Provide, manage, and integrate centralized billing services in which the Vendor pays downstream service providers in full based on Vendor/3PL negotiated pricing agreements for invoiced products or services provided and then subsequently bills state agencies according to an FMO provided chart of accounts (decentralized). Short-paying or penalizing independent downstream service providers (accounts payable) that do not have a Vendor/3PL negotiated pricing agreement creates an unfavorable perception of the State as an end user, creates inflated billing practices by the 3PL to recover the short-payment, is prohibited, and will result in contract termination.
- 2.5.7 Provide, manage, and integrate a browser client-server application and institute agency-tailored garage management systems at multiple locations and within multiple agencies.
- 2.5.8 Provide, manage, and integrate a browser client-server (online) driver behavior assessment and training application to identify unsafe driver behavior and provide

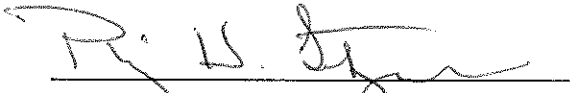
opportunities for refresher and remedial training to mitigate unsafe driver behaviors. Online courses delivered through the State Learning Management System must be provided in a SCORM compliant format.

- 2.5.9 Provide, manage, and integrate a browser client-server accident management application to ensure timely accident reporting and to identify drivers who may require additional training, driver behavior assessment, and electronic monitoring.
- 2.5.10 Provide, manage, and integrate a browser client-server vehicle control application through the use of motor vehicle record (MVR) checks and FMO-designated policy compliance programs for authorized drivers and vehicles owned, leased, or operated by the State of West Virginia. MVR checks must comply with Division of Motor Vehicle policies and procedures for the driver license issuing state.
- 2.5.11 Provide, manage, and integrate a browser client-server fringe benefit application which is driver and agency interactive and produces official vehicle trip logs to document vehicle use; produces IRS Bulletin 15-B compliant fringe reports with imputed values (if appropriate) based on current IRS valuation rules; and ensures that drivers and agencies are meeting IRS monthly, quarterly, and annual reporting requirements. The fringe benefit application must be capable of integration with 3PL telematic and vehicle reservation equipment (GPS Insight, Green Road, Network Fleet, DriveCam, TeleNav, Inthinc, Telogis, Zonar, Agile Access Control, or equivalents).

I certify that the proposal submitted meets or exceeds all the mandatory specifications of this Request for Proposal. Additionally, I agree to provide any additional documentation deemed necessary by the State of West Virginia to demonstrate compliance with said mandatory specifications.

PHH Arval

(Company)



(Representative Name, Title)

NATIONAL DIRECTOR
GOVERNMENT SERVICES

410-771-1560

(Contact Phone/Fax Number)

May 29, 2012

(Date)

Proposed Vendors

Name	Address	Phone
Automotive Rentals International(ARI)	4001 Leadenhall Road Mount Laurel, NJ 08054	(856) 778-1500
Donlen Corporation	2315 Sanders Road Northbrook, IL 60062	(847) 714-1400
General Electric Capital Fleet Services	Headquarters Three Capital Drive Eden Prairie, MN 55344	(952) 828-1000
Lease Plan USA	1165 Sanctuary Parkway Alpharetta, GA 30009	(800) 951-9024
PHH Arval	940 Ridgebrook Road Sparks, MD 21152	(800) 665-9744
Merchants Leasing	PO Box 16415 1278 Hooksett Road Hooksett, NH 03106	(866) 653-2737
Midway Leasing	4751 Wilshire Blvd., Suite 120 Los Angeles, CA 90010	(323) 692-8575
Union Leasing	425 North Martingale Road Schaumburg, IL 60173	(847) 240-1500

**PHH EXCEPTIONS AND CLARIFICATIONS TO STATE OF WEST VIRGINIA CONTRACT TERMS
AND CONDITIONS IN DEPARTMENT OF ADMINISTRATION, FLEET MANAGEMENT OFFICE,
REQUEST FOR PROPOSAL – FLT11919**

As an initial matter, PHH assumes that the parties will negotiate specific terms that clearly outline the services to be provided by PHH in the event that PHH is the successful bidder for this RFP. PHH can provide its standard service descriptions to the State upon request.

Section 5.4, Vendor Relationship: As a matter of clarification, PHH will be responsible for all of its own employees. PHH cannot make such a representation as to third-party vendors who provide underlying maintenance and fuel services directly to the State.

Section 5.4.1: PHH needs it made clear that any definition of subcontractors does not include the third-party service providers actually providing maintenance, repairs, fuel, towing or other services contemplated under this contract. As such, PHH does not utilize subcontractors to perform any services material to the services covered in the Contract. With this in mind, PHH would require language similar to the following:

“The State of West Virginia acknowledges that (i) PHH is not the producer, manufacturer, designer, or provider of any of the goods or services purchased with or without instruments pursuant to this Contract; and, (ii) PHH has no right or duty to inspect, review personnel qualifications, or otherwise screen service providers' facilities or work performed by service providers' personnel, and that PHH relies on the advice of service providers and on policies and procedures established by the State of West Virginia in administering the programs described in this Contract.”

Section 5.4.2: PHH will indemnify the State for its own negligence in performing PHH's direct obligations under this agreement. PHH cannot indemnify for the acts or omissions of third-party vendors.

Section 5.7, Charges: As long as the written change order is agreed to by both PHH and the State of West Virginia, this is acceptable.

Section 5.8, Price Quotations: PHH's fees will not change unless changed pursuant to the provisions in Section 5.7. Obviously, PHH does not control the pass-through pricing of third-party vendors providing services.

Section 5.11, Contract Termination: PHH can agree to the State having a right of termination. However, a majority of the funds that the State is responsible for paying are pass-through obligations from the underlying service providers. These obligations are the result of products and/or services actually provided to the State's vehicles, which PHH is then paying on behalf of the State. As such, the State must remain liable for any pass-through charges, whether incurred prior to or after the termination, and this clause must reflect that obligation. The parties can further discuss appropriate language to address this issue. Hopefully, with proper notice, the State will have informed all of its employees so that they stop using PHH as a payment mechanism prior to any such termination date.