



CITY OF HOUSTON

Finance Department
Strategic Purchasing Division

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July 8, 2013

Subject: Letter of Clarification No. 2 to Invitation to Bid No. S50-L24630 for a Vehicle Leasing Services for the Houston Police Department

To: All Prospective Bidders:

This letter of Clarification is being issued for the following reasons:

- **To revise SECTIONS "B", Scope of Work/Technical Specifications, SECTION "C", General Terms and Conditions and respond to questions posed by perspective bidders:**

- 1.) Remove Page Nos. 3, 8, 9, 11, 24 & 40 of 40 and replace with the revised Page Nos. 3, 8, 9, 11, 24 & 40 of 40 marked, REVISED 7/8/2013.
- 2.) The following are questions posed by perspective bidders and the City of Houston's response:

Question No. 1: In Section 1.1, it states "If there are any conflicts between the Contract and any Contractor's lease agreement, the Contract will govern." Will there be an opportunity to clarify, discuss, or negotiate contracts post award?

Answer: Negotiations are not allowed. Questions for clarification have been extended to July 10, 2013, 4:00 PM. See the attached revised Page No. 3 of 40 marked, REVISED 7/8/2013.

Question No. 2: In Section 2.4, it states "Past usage indicates that approximately 25% of the time, vehicles will need to be exchanged immediately or within 24 hours." Does this mean that 25% of the vehicles will need to be exchanged, or that of the exchanges, 25% will need to happen within a 24 hour period?

Answer: On average, the Houston Police Department anticipates that 10 – 12 cars a year may require an exchange within 24 hours. The past history may not be indicative of future needs or requests. See the attached revised Page No. 8 of 40 marked, REVISED 7/8/2013.

Question No. 3: In Section 2.5, is the City asking for the Contractor to cover insurance on the leased vehicles, or will the City be covering?

Answer: The City is self-insured and will be providing coverage for the leased vehicles while they are in the City's possession. The Contractor will

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S50 - L24630 Vehicle Leasing Services for the Houston Police Department

comply with the requirements in Section 5.0 – Insurance of the bid documents.

Question No. 4: In Section 2.8 the City is asking for various reports. Is this section asking for reporting on the leased vehicles only or on short term rentals as well?

Answer: Both. See the attached revised Page No. 9 of 40 marked, REVISED 7/8/2013.

Question No. 5: In Section 4.1, it states “Vehicles ordered under this contract will be ready for pick-up within 30 calendar days after the placement of an order.” Being that factory ordering vehicles is much more cost effective than acquiring vehicles out of dealership inventory, would the City consider factory ordered vehicles with a longer order to delivery period?

Answer: No.

Question No. 6: Section 2.5: Are we providing primary liability coverage as a part of the contract or do we just have to provide evidence of coverage for the vehicle?

Answer: The Contractor shall be required to comply with the insurance requirements on Page No. 20 of 40, Section 5.0, Insurance – of the bid document. The Contractor shall also be required to determine how to provide vehicle insurance coverage while the vehicle is in their possession, i.e., maintenance, delivery, etc. See the attached revised Page No. 8 of 40 marked, REVISED 7/8/2013.

Question No. 7: Sections 2.0 & 3.0: The release and indemnification Contract language is very broad. Can you clarify if you are expecting to be released from all liability on auto accidents?

Answer: Section 2.0 applies to the Contractor’s release. This releases the City from all liability TO THE CONTRACTOR even if the damage or injury is the result of the City’s sole negligence. So, if the City damages the Contractor’s vehicle, it would be released from any liability to Contractor for the damage.

Section 3.0 applies to liability to 3rd parties. In it, the Contractor agrees to defend the City and pay any damages TO THIRD PARTIES that result from the Contractor’s negligence or the joint negligence of the City and the Contractor. The Contractor does not have to defend or pay if the damages arise out of the City’s sole negligence if a City driver ran into a private citizen’s vehicle and did \$50,000 worth of damage. The Contractor would probably not have to pay or defend unless some defect in the car itself contributed to the accident.

Question No. 8: Does Pay or Play pertain to this contract? If so, can you explain how we as a service/lease car provider would participate?

Answer: The Pay or Play Program requirement has been waived from this

S50 - L24630 Vehicle Leasing Services for the Houston Police Department

contract. See the revised Page Nos. 24 & 40 of 40 marked, REVISED 7/8/2013.

Question No. 9: Section 2.8: Can the City provide mileage updates on a monthly basis so an accurate maintenance record can be provided? Can you add this to the contract language?

Answer: This will be discussed with the awarded Contractor.

Question No. 10: Section 2.13: Can you please expand on what you are requiring for window tinting? Some vehicles like trucks/SUV's come with factory tint while the cars do not come with tint. Are you asking for front two windows to be tinted on trucks/SUV's and all windows on cars?

Answer: Tint may be required on all windows, as the assignment may dictate this feature. See the attached revised Page No. 11 of 40 marked, REVISED 7/8/2013.

Question No. 11: Section 2.18: Not all vehicles come equipped from the factory with electronic stability controls, please advise?

Answer: If the electronic stability control is not provided as a part of the OEM, this can be an optional feature. See the attached revised Page No. 11 of 40 marked, REVISED 7/8/2013.

Question No. 12: Section 3.1: Any maintenance or warranty items a free loaner would be expected. Can you expand on accident claim related replacement and how it will be handled? If the City is at fault will it be ok to bill additional for replacement vehicle for the time accident involved vehicle out of service?

Answer: The City is requiring a replacement vehicle when a vehicle is no longer viable. Regardless of who is at fault, the City will not pay for services not rendered. Therefore, the City will not pay a lease or rental fee when a vehicle is out of commission. See the attached revised Page No. 9 of 40 marked, REVISED 7/8/2013.

Question No. 13: Will we be allowed to bill additional expense in these accident type situations for Loss of use, diminished value, administrative cost associated, etc.

Answer: No.

Question No. 14: Section 4.2: Please expand on what is considered normal wear and tear? We have attached an industry standard tool for your review.

Answer: Normal wear and tear is the normal operation of a vehicle, which may include engine wear; brake and suspension wear; weathering of paint; minor scuffing of interior surfaces and small (less than 3 inches in circumference) nicks, scratches, abrasions or dents to the exterior that are less than \$500.00 to repair. See the attached revised Page No. 9 of

S50 - L24630 Vehicle Leasing Services for the Houston Police Department

40 marked, REVISED 7/8/2013.

Question No. 15: Am I reading this correctly in saying that we as the dealer will be financially responsible for maintaining and storing the vehicles that you would be receiving?

Answer: Yes, this is an agreement for leasing/rentals.

Question No. 16: Is City requesting a bid for rental fleet or purchase?

Answer: This is a vehicle leasing services agreement which will include rental.

When issued, Letter(s) of Clarification shall automatically become a part of the solicitation documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. All revisions, responses, and answers incorporated into the Letter(s) of Clarification are collaboratively from both the Strategic Purchasing Division and the applicable City Department(s). It is the responsibility of the bidder/respondent to ensure that it has obtained all such letter(s). By submitting a bid on this project, bidders/respondents shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this solicitation and resulting bid.

Furthermore, it is the responsibility of each Contractor to obtain any previous Letter of Clarification associated with this solicitation.

Arturo Lopez

Arturo Lopez
Senior Procurement Specialist
832-393-8731

Attachments: Revised Page Nos. 3, 8, 9, 11, 24 & 40 of 40.

S50 - L24630 Vehicle Leasing Services for the Houston Police Department

REVISED 7/8/2013

Documents/forms must be downloaded from the City's Website:

<http://www.houstontx.gov/purchasing/index.html>.

Additional Required Forms to be Included with this Bid:

In addition to the Electronic Bid Form and the Official Signature Page, the Forms listed in Table 1 must be completed and submitted to the Office of the City Secretary on or before the date and time the bid is due:

TABLE 1 - REQUIRED FORMS
Affidavit of Ownership.doc
Fair Campaign Ordinance.doc
Statement of Residency.doc
Conflict of Interest Questionnaire.doc
Contractors Questionnaire Document (pg 5)
Pay or Play Form 1a Acknowledgement

Table 2 lists other documents and forms that should be viewed/downloaded from the City's website, but are not required to be submitted with the bid. The City will request these forms, as applicable, to be completed and submitted to the City by the recommended/successful bidder:

TABLE 2 - DOCUMENTS & FORMS
Drug Forms.doc
EEOC.doc
Formal Instructions for Bid Terms.doc
M/WBE.doc
Sample Insurance Over \$50,000.pdf
Pay or Play Form 2 Certification
Pay or Play Form 3, List of Participating Subcontractors

Questions concerning the Bid should be submitted in writing to: City of Houston, Strategic Purchasing Division, 901 Bagby, Room B506, Houston, TX 77002, Attn: Arturo Lopez or via fax: 832-393-8759 or via email (preferred method) to arturo.lopez@cityofhouston.net no later than 4:00 PM, Wednesday, July 10, 2013.

SITE INSPECTION

The City of Houston reserves the right to inspect the Bidder's current place of business to evaluate equipment condition and capabilities, staff experience, training and capabilities, and storage capabilities as they relate to the performance of this contract.

QUALITY AND WORKMANSHIP

The Bidder must be able to demonstrate upon request that it has satisfactorily performed services similar to the services specified herein. The Bidder will provide records of warranty and repair services upon request by City. The City of Houston shall be the sole judge as to whether the services performed are similar to the scope of services contained herein and whether the Bidder is capable of performing such services.

LOBBYING AND OTHER FORMS OF INFLUENCE PROHIBITED

Neither Bidder(s) nor any person acting on Bidder(s)'s behalf shall attempt to influence the outcome of the award by the offer, presentation or promise of gratuities, favors, or anything of value to any appointed or elected official or employee of the City of Houston, their families or staff members. All inquiries regarding the solicitation are to be directed to the designated City Buyer identified on the first page of the solicitation. Upon issuance of the solicitation through the pre-award phase and up to the award, aside from Bidder's formal response to the solicitation, communications publicly made during the official pre-bid conference, written

SECTION B **REVISED 7/8/2013**

Part I

SCOPE OF WORK

1.0 Scope of Service:

1.1 *The Contractor shall be required to furnish all supervision, labor, parts, tools, materials, equipment, supplies and facilities, etc. necessary to provide lease vehicles for the Houston Police Department (HPD) as described herein. The estimated number of vehicles to be leased is approximately two hundred (200). It is emphasized that the quantities may vary considerably due to changes in budget, personnel, and events requiring vehicles. The vehicle descriptions are delineated in "SECTION B, Part III" herein. The Contractor agrees to furnish lease autos and trucks by the day, week, month or year. If there are any conflicts between the Contract and any Contractor's lease agreement, the Contract will govern.*

2.0 Contractor's Duties:

2.1 *The Contractor shall provide a large selection of vehicles of various models, colors, sizes, etc. with no external or internal leasing or company markings of any kind. For each vehicle group (listed in Section B, Part III) with an estimated quantity requirement of 25 or more, the Contractor shall provide a minimum of 5 different models. All models shall be no older than two (2) years old with a maximum of 20,000 actual miles on the odometer at the time of lease. All vehicles proposed will be covered by a basic manufacturer warranty with a minimum of 36 months, 36,000 miles bumper-to-bumper. The power train and corrosion warranty coverage will extend for the duration of the lease period.*

2.2 All vehicle maintenance services will be performed by the Contractor on the Contractor's premises or at a designated subcontractor facility. Maintenance services will be comprehensive and must include all manufacturer-required maintenance, as well as recalls, warranty and non-warranty repairs.

2.3 The Contractor agrees that all leased vehicles will have unlimited mileage and may temporarily go out of state.

2.4 *The Contractor agrees to exchange vehicles on an "as-needed" basis due to the special requirements of the officers assigned to these vehicles. Past usage indicates that on average; approximately 10 – 12 cars a year may require an exchange within 24 hours. This is the current data on hand and does not predict future quantities or requirements.*

2.5 *The Contractor shall provide insurance coverage as noted in Section C, General Terms & Conditions, Article II, Section 5.0 entitled "Insurance". These vehicles also require individual liability coverage for the City up to \$40,000 for each vehicle. The Contractor will determine how to provide vehicle insurance coverage while it is in their possession, i.e., maintenance, delivery, etc.*

2.6 The Contractor shall provide twenty-hour (24) hour roadside assistance and towing on all leased vehicles, seven (7) days a week.

2.7 Vehicle lease prices bid, which will be subsequently included in the contract in Exhibit "H" - "Fees and Costs" shall be firm for the duration of the contract and must be all-inclusive billed to HPD. See Section C, General Terms & Conditions, Article III, Section 2.0 entitled "Taxes".

S50 - L24630 Vehicle Leasing Services for the Houston Police Department

REVISED 7/8/2013

- 2.8 *The Contractor shall provide quarterly and final status reports on all maintenance, claims, and fleet inventory and rentals to the contract administrator. This report should be delivered electronically in MS Excel or a compatible format. If there are any inconsistencies in comparison to HPD records, the Contractor will work in good faith with HPD in a timely fashion to resolve any issues.*
- 2.9 HPD requires strictest confidentiality on all documents and any breach is cause for immediate termination of the contract, as are specified in Section C, General Terms & Conditions, Article IV, Section 6.0 entitled "Termination for Cause by City".

3.0 Maintenance, Warranty and Repair Services

- 3.1 *The Contractor must fully maintain each vehicle in normal operating condition including oil changes, tune-ups, and tires and ensure all service, maintenance, and repairs are performed to maintain the warranty including manufacturer-required intervals, recalls, warranty work and repairs. No security deposit shall be required. The HPD will provide gasoline and normal and reasonable general exterior and interior care with regard to vehicles while in the possession of HPD. Should the vehicle(s) become unserviceable, a substitute usable vehicle(s) shall be provided at no additional charge in excess of the charges for the unserviceable vehicle during the time when unserviceable vehicle(s) is in repair. The City is requiring a replacement vehicle when a vehicle is no longer viable. Regardless of who is at fault, the City will not pay for services not rendered. Therefore, the City will not pay a lease or rental fee when a vehicle is out of commission.*
- 3.2 *The Contractor will schedule and coordinate maintenance appointments directly with the assigned police officer. HPD will be responsible for transporting vehicles to and from service providers. Provisions for a loaner vehicle will be made when a vehicle is out of service for repair for more than 24 consecutive hours. Maintenance intervals will not exceed 5,000 miles or one (1) year, whichever comes first. The Contractor will provide electronic copies of all maintenance invoices and service reports to the contract administrator, so that the City may document maintenance work and verify that maintenance is being performed in accordance with Contract requirements.*

4.0 Vehicle Delivery/Turn-in

- 4.1 **Vehicle Delivery:** Vehicles ordered under this contract will be ready for pick-up within thirty (30) calendar days after the placement of an order. All pre-delivery vehicle servicing will be performed in accordance with recognized industry standards. HPD's designated vehicle coordinators will be notified at least 24 hours in advance of each delivery.
- 4.2 **Vehicle Turn-In:** *The Contractor will notify HPD's vehicle coordinators when vehicles are ready to be turned in. The Contractor will provide advance notice of seven (7) calendar days. The City shall return the vehicles to the Contractor upon expiration of the contract in the same condition as when received, normal wear and tear expected. Damages other than normal wear and tear such as glass breakage, bent metal or body parts may be submitted to HPD for reimbursement. Normal wear and tear is the normal operation of a vehicle, which may include engine wear; brake and suspension wear; weathering of paint; minor scuffing of interior surfaces and small (less than 3 inches in circumference) nicks, scratches, abrasions or dents to the exterior that are less than \$500.00 to repair.*

5.0 Additions & Deletions:

- 5.1 The City by written notice from the City Purchasing Agent to the Contractor, at any time during the term of this contract, may add or delete like or similar equipment, locations and/or services to the list of equipment, locations and/or services to be performed. Any such written notice shall take effect on the date stated in the notice from the City. Equipment, locations and/or services added will be subject to the contract services and charges or rates as an item already specified in the fee schedule. In the event the additional equipment, locations and/or services is not identical to any item already under contract, the charges therefore will then be the Contractor's prevailing charges or rates for the equipment, locations and/or services classified in the fee schedule.

S50 - L24630 Vehicle Leasing Services for the Houston Police Department

SECTION B REVISED 7/8/2013

Part II

TECHNICAL SPECIFICATIONS

1.0 GENERAL PURPOSE AUTOMOBILES:

- 1.1 Unless otherwise specified, all units shall be furnished complete with standard equipment and factory-installed accessories as listed in the manufacturer's printed literature for the models specified herein. The following items are the minimum requirements for the models specified herein and shall be provided whether shown as optional or standard equipment by the manufacturer.

2.0 BODY & CHASSIS:

- 2.1 **Air Bags: Required.**
- 2.2 **Air Conditioning:** Manufacturer's standard equipment.
- 2.3 **AM/FM Radio:** Manufacturer's standard equipment.
- 2.4 **Covering, Luggage Compartment:** The luggage compartment floor shall be covered with a vinyl, rubber, or fiber type mat.
- 2.5 **Heater and Defroster:** Integral, OEM Standard
- 2.6 **Jack, Handle, and Lug Wrench**
- 2.7 **Power Package:** Includes power windows, power locks, power mirrors, cruise control, and tilt steering wheel.
- 2.8 **Spare Wheel (Manufacturer's standard spare wheel & tire).**
- 2.9 **Windshield Wipers:** Dual electric 2-speed type with intermittent feature windshield washers.
- 2.10 **Upholstery:** Cloth standard
- 2.11 **Tires:** Radial type tubeless tires shall be OEM manufactured standard.
- 2.12 **Tire Pressure Monitoring System (TPMS) if available**
- 2.13 **Window Tint: OEM Standard Tint. Tinting shall meet Texas DPS regulations. Tint may be required on all windows, as the assignment may dictate this feature.**
- 2.14 **Power Steering:** Manufacturer's standard.
- 2.15 **Automatic Transmission**
- 2.16 **Power Brakes, ABS (Required):** Manufacturer's standard; front disc, 2- or 4-wheel (All Series).
- 2.17 **Flex Fuel,** if available
- 2.18 **Electronic Stability Control: If the electronic stability control is not provided as a part of the OEM, this can be an optional feature.**

REVISED 7/8/2013

13.0 PAYMENT OF EMPLOYEES AND SUBCONTRACTORS:

- 13.1 Contractor shall make timely payments in accordance with applicable state and federal law to all persons and entities supplying labor, materials or equipment for the performance of this Agreement including Contractor's employees.
- 13.2 Failure of Contractor to pay its employees as required by law shall constitute a default under this contract for which the Contractor and its surety shall be liable on Contractor's performance bond if Contractor fails to cure the default as provided under this Agreement.
- 13.3 Contractor shall defend and indemnify the City from any claims or liability arising out of Contractor's failure to pay its subcontractors as required by law. Contractor shall submit disputes relating to payment of M/WBE subcontractors to arbitration in the same manner as any other disputes under the M/WBE subcontract.

14.0 CONTRACTOR PAY OR PLAY PROGRAM: N/A

I. DUTIES OF CITY

1.0 PAYMENT TERMS:

- 1.1 The City shall pay and Contractor shall accept fees at the unit prices provided in Exhibit H for all services rendered and the Deliverables furnished by Contractor. The fees must only be paid from Allocated Funds, as provided below.
- 1.2 Any quantities of services or Deliverables shown in any part of this contract or its exhibits are estimated only and are not any guarantee that the City will not purchase more or less of those services or Deliverables. The City will pay only for the services or Deliverables actually ordered and only at the unit prices set out.

2.0 TAXES:

- 2.1 The City is exempt from payment of Federal Excise and Transportation Tax and Texas Limited Sales and Use Tax. Contractor's invoices to the City must not contain assessments of any of these taxes. The Director will furnish the City's exemption certificate and federal tax identification number to Contractor if requested.

3.0 METHOD OF PAYMENT:

- 3.1 The City shall pay Contractor on the basis of invoices submitted by Contractor and approved by the Director, showing the specific tasks completed in the preceding month and the corresponding prices. The City shall make payments to Contractor at its address for notices within 30 days of receipt of an approved invoice.

REVISED 7/8/2013

EXHIBIT "I"
PAY OR PLAY PROGRAM
DELETED