

ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT

Equipment and Procurement Division

Request for Proposals (RFP) Number #05-005P

MOTOR FUEL TRACKING SYSTEM

Proposals must be submitted
No later than **2:00 p.m. CDT**
April 15, 2005

To constitute a valid submission, proposal must:

- (1) Be submitted by the prescribed date and time (Paragraph 2.4)
- (2) Address all of the requirements set forth herein;
- (3) Contain the required Bid Deposit (Paragraph 1.6)
- (4) Contain Page 11, completed with the following information:
 - a) pricing set forth in the format indicated, and
 - b) original signature in ink, not photocopied or stamped.

For further information regarding this RFP contract
Doug Nielsen, Division Head
AHTD Equipment and Procurement Division
at 501-569-2670 or by e-mail at Doug.Nielsen@arkansashighways.com

Arkansas State Highway and Transportation Department
RFP #05-005P Motor Fuel Tracking System

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ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT
Equipment and Procurement Division

Request for Proposals No. 05-005P

MOTOR FUEL TRACKING SYSTEM

Section 1.0 INTRODUCTION

- 1.1 **Scope:** The Arkansas State Highway and Transportation Department, hereinafter called “AHTD” and “the Department”, is soliciting proposals to replace or modify the current Motor Fuel Tracking System which provides a data processing service to capture, process and report fuel movements into, within and out of the State of Arkansas as reported by all Licensed Suppliers and Distributors. The Department proposes to implement this Fuel Tracking System on June 15, 2005, utilizing the Electronic Data Input (EDI) required by Arkansas State Law and Arkansas Department of Finance and Administration (DF&A) regulations.
- 1.2 **Objectives:** The Motor Fuel Tracking System objectives are to increase state motor fuel tax collections through collection process improvements and reduction of reporting errors, evasion and fraud; and to improve reporting efficiencies within the fuel distribution and revenue collection system.
- 1.3 **Term of Contract:** The successful contractor will be required to install the proposed system interface within 30 days of award. The term of any contract resulting from this Request for Proposals (RFP) shall begin on the date of acceptance of the installed and functioning system by the Department and DF&A, and run for a period of one (1) year, with an option to renew by mutual agreement for both parties for no more than six (6) additional one-year periods. Should the current contract not be extended, and an award is made to another contractor, the current contractor shall cooperate fully during the transition period, shall extend motor fuel tracking services until such time as services from a new contractor are effective, not to exceed 120 days, with payment pro-rated based on the annual pricing in effect during the most recent term. Pursuant to Ark. Code Ann, § 19-11-238 (c) (Supp.1997), the contract shall automatically terminate at the end of any fiscal year if funds have not been appropriated or are otherwise unavailable for the following year, in which case the successful Contractor shall be reimbursed only for any non-recurring cost that was incurred but not amortized in the contract price.
- 1.4 **Point of Contact:** This RFP is issued by the Arkansas State Highway and Transportation Department, Equipment and Procurement Division, which is the sole point of contact for the Department during the contractor selection process. Questions concerning this RFP should be addressed to:

Doug Nielsen, Division Head
Equipment and Procurement Division
Arkansas State Highway and Transportation Department
P. O. Box 2261
Little Rock, AR 72203
Phone: 501-569-2670
Fax: 501-569-2679
E-Mail: Doug.Nielsen@arkansashighways.com

Inquiries may be referred to other Department employees for detailed answers or clarifications. Written inquiries are encouraged and will be responded to in writing. Oral communications shall not be binding on the Department and can in no way modify the terms, conditions, or specifications of this RFP or relieve the successful Contractor of any obligations under any contract resulting from this RFP. In the event that it becomes necessary to provide additional clarifying data or information, or to revise any part of this RFP, revisions, amendments or supplements will be provided to all recipients of this initial RFP.

- 1.5 **Information Restrictions:** All information received by AHTD regarding this RFP is retroactive and will not be available before award is made to the successful Contractor.
- 1.6 **Required Bonding:** Bid Bond in the amount of \$1,000.00, required of all bidders at time of bid opening or bid will be rejected. **Personal and company checks are not acceptable as Bid Bonds.** Performance Bond, in an amount to be determined by the Procurement Officer, not to exceed \$5,000.00, will be required of the successful contractor prior to providing goods/services. **Personal and company checks are not acceptable as Performance Bonds.**
- 1.7 **Choice of Law and Choice of Forum:** This RFP and any resulting contract shall be governed by and construed in accordance with the laws of the State of Arkansas. Any proceeding relating to any cause of action of any nature arising from or related to the RFP or contract may be brought only before the appropriate forum in Pulaski County, Arkansas.
- 1.8 **Ethics:** “It shall be a breach of ethical standards for a person to be retained, or to retain a person, to solicit or secure a State contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies maintained by the contractor for the purpose of securing business.” Ark. Code Ann. §19-11-708(a).

Section 2.0 PREPARING AND SUBMITTING A PROPOSAL

- 2.1 **General Instructions:** The evaluation and selection of a contractor and any resulting contract will be based on the information submitted in the Proposer’s proposal plus references and any required on-site visits, oral presentations, or demonstrations. Failure to respond to each of the requirements in the RFP may be the basis for rejecting a response. Elaborate proposals beyond that sufficient to present a complete and effective proposal (such as those involving expensive artwork) are not necessary or desired.
- 2.2 **Proposal Format:** The proposal must be formatted and presented in the same order as listed below. The proposer should provide a detailed response to **each** specification listed.

2.2.1 **Technical Proposal**

Cover Letter – should state the RFP name and number; Proposer’s name; Proposer’s business address, telephone number, name of authorized contact person for proposal questions and authorized contact person for contract questions/negotiations. The cover letter must be dated and signed.

Table of Contents – clearly identify the material by section and page number.

Project Understanding – should provide a response in narrative form that convinces the evaluators that the proposer has a clear understanding of the background and of the proposed scope of work to be performed.

Proposer Experience – provide a detailed response to each of the specifications contained in Section 3.1 of this RFP.

System Requirements – provide a detailed response to each of the specifications contained in Section 4.0 of this RFP.

General Requirements – provide a detailed response to each of the specifications contained in Section 5.0 of this RFP.

2.2.2 **Cost Proposal**

Pricing – Provide a completed pricing sheet according to the specifications contained in Section 7.0 of this RFP.

2.3 **Incurring Costs:** Neither the Department nor the DF&A shall be liable for any cost incurred by proposers in replying to this RFP.

2.4 **Time and Place for Submission of Proposal:** Proposers must submit an original and two (2) copies of all materials required for acceptance of their proposal by **2:00 p.m. CDT on April 15, 2005.**

Mail To:

Arkansas State Highway and Transportation Dept.
Equipment and Procurement Division
P. O. Box 2261
Little Rock, AR 72203

Deliver To:

Arkansas State Hwy. and Transp. Dept.
Equipment and Procurement Division
11302 W. Baseline Road
Little Rock, AR 72209

2.5 **Late Proposals:** Proposals received after the date and hour established will be considered late proposals and will be automatically disqualified. Late proposals will be returned unopened.

2.6 **Unsigned Proposals:** Page 11 of the RFP must be signed, completed and included with proposal to constitute a valid submission. The signature must be original (not stamped or photocopied) and in ink. Unsigned and improperly signed proposals will be automatically disqualified.

2.7 **Withdrawing or Modifying Proposals:** A proposal may be withdrawn, modified, or corrected by a Proposer after it has been submitted only if a written request to do so is filed with the Equipment and Procurement Division prior to the date and time set for opening. Telegrams or letters received before the date set for opening of proposals will be accepted and attached to the unopened proposal, and the proposal will be considered withdrawn, modified, or otherwise changed accordingly. No proposal may be withdrawn, modified, corrected, or otherwise changed after the date and time set for opening.

2.8 **Assignment:** No contract resulting from this RFP may be assigned, sold, or transferred without the prior written consent of the Department, and no obligation incurred pursuant to this RFP and any resulting contract may be delegated without written consent of the Department.

- 2.9 **Advertisement:** The successful contractor is prohibited from using any contract award information in any advertisement, including press releases, without the prior written consent of the Department.
- 2.10 **Cancellation of Contract:** The Department reserves the right to cancel any award or contract without recourse upon written notice to the Contractor.
- 2.11 **Default and Remedies:** Non-performance of any requirement or condition of any contract resulting from this RFP shall constitute default. Upon default, the Department shall issue a written notice of default providing a period in which the Contractor shall have thirty (30) days, or if the default is repeated during the term of the contract or any extension thereof, the Department may, in its sole discretion, terminate the contract(s) or remaining portions thereof and exercise any remedy provided by law.
- 2.12 **Multiple Proposals:** Multiple proposals from a Proposer are permissible, however each individual proposal must independently conform fully to the requirements for proposal submission.
- 2.13 **Oral Presentations and Site Visits:** Selected Proposers may be required to make oral presentations and/or arrange visits at client sites to supplement their proposals, if requested by the Department. The Department will make every reasonable attempt to schedule each presentation at a time and location that is agreeable to the proposer. Failure of a Proposer to conduct a presentation on the date scheduled may result in rejection of the Proposer's proposal.
- 2.14 **Demonstration:** Proposer(s) most apt to receive an award may be required to demonstrate its product(s) and/or service(s) at a site where the service is provided currently. Failure of a Proposer to furnish demonstrations for the proposed product(s) within a reasonable length of time may result in rejection of the proposal. Failure of any product(s) and/or service(s) to meet the Department's requirements during the demonstration may result in rejection of the Proposer's proposal. The successful demonstration of the Proposer's product(s) and/or service(s) does not constitute acceptance by the Department. Any product(s) and/or service(s) furnished by the Proposer for the purposes of this demonstration must be identical in every respect to those which will be furnished if a contract results.
- 2.15 **Installation:** The successful Contractor shall provide and install, without any additional cost to the Department, DF&A, or filers, all software and ancillary materials and services necessary for the motor fuel tracking system to function as proposed, within one (1) month of contract signing.
- 2.16 **Payment for Services:** The successful Contractor must be willing to accept payment for services on an agreed annual fee basis over the life of the contract, as set for in compliance with paragraph 1.3, **without revenue sharing as a consideration in the fee structure.** Half of the first year's payment will be paid when invoiced by the successful contractor after acceptance of the installed system. Payment for the remaining first year contract shall be divided by twelve (12) and paid in twelve (12) monthly installments. Payment for subsequent years of the contract will be made in the same manner as payment for the first year of the contract.

Section 3.0 PROPOSER EXPERIENCE

To qualify for evaluation, each Proposer must provide a written response to the following experience requirements:

- 3.1 **Motor Fuel Experience:** Provide proof that they have been in the motor fuel tax processing and discrepancy cross-match business as a company or corporation and have provided services described in this RFP on a general basis for a minimum of two (2) years, prior to responding to this RFP.
- 3.2 **References:** Provide reference information from three (3) state tax or revenue agencies in which they have implemented and operated a motor fuel tracking and cross-match system. Reference information must include a contact name, contact title, mailing address, e-mail address, and telephone number. Information obtained from reference contacts will be used in determining the successful Contractor.
- 3.3 **Staffing Approach:** Describe the proposed approach for organizing and staffing this project. The Proposer shall provide detailed information about the proposed team members roles and responsibilities and how they will be organized. The response shall include:
 - 3.3.1 The number and type of staff included in the team
 - 3.3.2 A project organizational chart
 - 3.3.3 The positions/job responsibilities for each key member of the team
 - 3.3.4 The organizational structure of the team
 - 3.3.5 A discussion of how the proposed team will position the vendor to effectively provide the knowledge transfer and coaching of all aspects of the system to assigned Department staff
 - 3.3.6 A discussion of why the proposed team is the best solution to meet the needs and goals for this procurement
- 3.4 **Performance Requirements:** Have a demonstrated track record of meeting contract requirements and specifications and assuring successful motor fuel tracking systems by:
 - 3.4.1 Delivering motor fuel tracking systems
 - 3.4.2 Meeting installations and customer implementation schedules
 - 3.4.3 Providing training and maintenance
- 3.5 **Subject Matter Expertise:** Employ at least one (1) subject matter expert with a minimum of five (5) years of State/Federal government experience in motor fuel operations.

Section 4.0 REQUIREMENTS

- 4.1 **System Capabilities:** The successful Contractor must have the following motor fuel tracking/cross-matching/data processing capabilities, all of which must be achieved without placing an undue burden on the legitimate filer, the Department or DF&A:
- 4.1.1 **EDI Data.** The proposed motor fuel tracking system must have the ability to accept a defined electronic data interchange (EDI) record from the value added network (VAN) selected to provide VAN services.
 - 4.1.2 **Cross-Match.** The proposed system must provide a computerized system that will track motor fuel deliveries from the terminal or rack location to a distributor or supplier of gasoline, diesel, liquefied petroleum gas (LPG), and other distillate special fuel products. The system must provide the following functionality:
 - 4.1.3 Utilize EDI source information provided by a terminal operator reflecting all gasoline, diesel, LPG, and other distillate special fuel products sold to distributors or suppliers in a given monthly period matched against petroleum products reported received by a licensed Arkansas distributor or supplier of gasoline, diesel, LPG, or other distillate special fuel products in the same reporting month.
 - 4.1.4 Track shipments of fuel that have been split into multiple loads, fuel types that have been switched at any point in the reporting chain, incorrect manifests, or erroneous changes in reported buyers and sellers.
 - 4.1.5 Accept electronic late load reporting without requiring the filer to post an amended return. When the information is uploaded to the system, an amended return should automatically be created.
 - 4.1.6 Contain an intelligent tracking feature that tracks and finds fuel shipments even if a portions of the record-keeping has been intentionally altered.
 - 4.1.7 Electronically review tax returns, including completing a check of calculations, verifying supporting details and cross-matching manifests with other reported entities.
 - 4.1.8 Generate automated assessment returns for non-filers.
 - 4.1.9 Electronically access other systems to cross-match/validate data and synchronize data with jurisdictional tax systems.
 - 4.1.10 **Data Matching.** The proposed system must match terminal transactions against distributor/supplier detail schedules for the same monthly reporting period and provide the Department with an electronic file of exceptions of motor fuel loads that have not been reported to the DF&A Motor Fuel Tax Section. The proposed cross-match system results must provide the validity of exception loads and assess the taxpayer for any unreported fuel or untimely (late loads) reported transactions.

- 4.1.11 System Capability. The proposed system must accept tracking data compiled through the import/export permit system currently operated by the Department. The cross-match system must be capable of matching fuel transactions reflected on common carrier and terminal operator EDI data files when these entities are required to submit EDI files to the DF&A Motor Fuel Tax Section.
- 4.1.12 Summary Reporting. The successful Contractor must provide the capability for uploading summary schedule totals in a prescribed format to the existing Motor Fuel Tax database, or any Motor Fuel Tax database that may be utilized by DF&A's Motor Fuel Tax Section, and provide exception reports of Motor Fuel not properly reported and accounted for in the motor fuel distribution system in an electronic format prescribed by the DF&A Motor Fuel Tax Section.
- 4.1.13 Detail Reporting. The successful Contractor's motor fuel cross-match system must utilize detailed schedules as recommended by the FTA Uniformity Committee and upload such schedules in a prescribed format to the existing motor fuel tax database, or any motor fuel tax database that may be utilized by DF&A's Motor Fuel Tax Section, and provide discrepancy reports of all fuel not properly reported and accounted for in the motor fuel distribution system in an electronic format prescribed by the Department and the DF&A Motor Fuel Tax Section.
- 4.1.14 System Installation. The successful Contractor must be capable of installing the interfaces for motor fuel tracking as well as process all data within 30 days of contract signing.
- 4.1.15 System Integration. The successful Contractor must provide a mechanism to accept an EDI file from the Department or the DF&A Revenue Division or their VAN, process this data for motor fuel tracking, and produce a file that will update the Motor Fuel database used by DF&A to meet reporting requirements for that system.
- 4.1.16 Ad Hoc Reporting. The successful Contractor must provide such reports and electronic files as requested by the Department and the DF&A Revenue Division.
- 4.1.17 Discrepancy Identification Process. The successful Contractor must validate the following standard criteria:
- Data compliance
 - Distributors/suppliers
 - Terminal
 - Non-filer
 - Transaction with an unknown filer missing loads (unreported loads)
 - Late loads
 - Gallon quantity
 - Disbursements without receipt
 - In-state disbursement on an export schedule
 - Exports on an in-state disbursement
 - Invalid account

- Fuel type mismatch
- Schedule
- Reporter error (loads reported taxes not paid and exempt sale)
- U. S. Customs loads not reported with Arkansas tax
- Import/Export permitted loads not reported
- Import/Export reported loads not permitted
- Diverted loads not reported with Arkansas tax due

4.2 **System Operating Characteristics:** Each functional component of the Motor Fuel Tracking System must contain the following operating capabilities:

4.2.1 Filing Data Processing Module

4.2.1.1 Accept Volume of Input. It is necessary that the tracking system accept and prepare Arkansas' volume of information in a timely manner to ensure that discrepancies are not identified in error and that real discrepancies are identified timely to achieve the necessary correspondence activity.

4.2.1.2 Support Full Archiving and Retrieval. The successful Contractor must provide on-line retention of four (4) years worth of data, at a minimum. However, all data received and produced by the successful Contractor must be made available, with sufficient notice. The ability to archive and subsequently retrieve and report on this data, with minimal manual operator support, is required.

4.2.1.3 Electronic Tax Filing and Reporting. To ensure the support and practicality of filing the data required for motor fuel tax reporting, the system must support ASCII file layouts sent from the Arkansas VAN.

4.2.1.4 State Tax Return Reporting System Interface. The proposed system must have the ability to transmit high volumes of Tax Returns prepared within this module to the appropriate state tax return processing system. This is required to ensure the timely filing of tax returns and assist in the removal of the burden of manual processing from the user agency.

4.2.2 Discrepancy Database

4.2.2.1 Matching Performance. It is critical that the discrepancy database support the high performance activity required to achieve successful and timely match of filed information. The database must be capable of several hundred thousand matches per hour.

4.2.2.2 Fully Table Driven. The ability to match data filed by several and varying criteria is critical to the provision and generation of discrepancy information,

including differing fuel types, differing reporting periods and duration, differing schedule and reporting levels, etc. These criteria may change periodically as fuel reporting legislation changes or new states are added to the service. The system must also be capable of varying the manner in which matches are made as new revisions are discovered.

- 4.2.2.3 Re-Run Capable. Once complete for any period, the match must have the capability for being either frozen or re-run. Re-run capability is critical to resolution or identification of further discrepancies during the resolution process. Several versions of a match run for any period may be required for any reporting period.
- 4.2.2.4 Late Loads. The cross-match system must be able to process any load of fuel reported late on the current months' tax return, calculate any penalties due, and automatically create an automated return reflecting all penalties due. This process must be completed without requiring the filer to amend previous tax return.

4.2.3 Filer Management

- 4.2.3.1 Full History Investigation. The proposed system must have the ability to extract and report on all historical activity by filer, including payment, report filed, not filed, filed late, and discrepancy activity, as well as general information changes such as owner, name, address, etc.
- 4.2.3.2 Full Case Support. The proposed system must have the ability to extract any historical and current filer information, along with evidence (example filings by other filers) required to complete filer research for either audit or investigation, in a specific format and structure.
- 4.2.3.4 Trend Tracking. The proposed system must have the ability to identify and track trends in filer activity, fuel movement, discrepancy identification, etc. This feature will be developed after the on-going operation of the motor fuel cross-match solution, as sufficient data is accumulated to allow the valid identification of these trends.

4.2.4 Discrepancy Control

- 4.2.4.1 Correspondence Tracking. The proposed system must have the ability to record the issuance of and response to all verbal or written correspondence with filers.
- 4.2.4.2 Resolution Management. The proposed system must have the ability to track the resolution of discrepancies and/or initiate secondary correspondence activity.
- 4.2.4.3 User Friendly. All functionality must be user friendly and intuitive to use, thereby reducing the training time and effort. All interfaces must be clear and easily understandable to ensure the correct information and current situation analysis is presented at all times, without the need for complex or assisted research.

Section 5.0 GENERAL REQUIREMENTS

- 5.1 **System Hosting:** The proposer must host a server at their location to accommodate all requirements of this RFP. The proposer shall be responsible for all base systems, base system upgrades, support system modifications, technical support, system communication and interface links, required system outputs, on-going system modifications, system maintenance, and data conversion (if necessary).
- 5.2 **In-House Training:** The successful Contractor must provide a minimum of one (1) complete and adequate training session of Department, DF&A and computer support personnel in the operation and maintenance of the system as proposed, including all training materials, at no additional cost.
- 5.3 **Help Desk Support:** The successful Contractor must provide a Help Desk accessible via a toll-free telephone number during the core working hours (8:00 am to 5:00 pm CDT or CST Monday through Friday) to users of the proposed system in the Department and DF&A.

Section 6.0 EVALUATION AND AWARD

- 6.1 **Evaluation:** Proposals will be evaluated on the extent of services offered, ability to provide those services, references, experience and pricing.
- 6.2 **Award:** Award will be based upon an evaluation of all proposals received in response to this solicitation and the determination of the proposal or proposals considered to be the most advantageous to the State. The Department reserves the right to accept or reject in whole or in part any and all proposals submitted, to award to more than one Proposer, to waive any minor technicalities when it is in the best interest of the Department, and to negotiate terms of the contract, including the award amount, with the selected Proposer.

*******This page must be completed, properly signed and submitted for*****
proposal to be considered.**

Section 7.0 PRICING

7.1 Pricing - Pricing must be proposed on a per-year basis for the first year of the contract, and may be proposed on a per-year basis for all six (6) of the optional one-year extensions (as set forth in Paragraph 1.3). Contract cannot be extended if prices are not proposed for the extension years. Revenue sharing cannot be considered in the pricing structure. All prices, costs, and conditions outlined in the proposal shall remain firm and valid for acceptance for 60 days after the due date for proposals. Additional pages may be attached, as necessary, for clarification.

<u>Initial One-Year Contract Term</u>		<u>Optional One-Year Extensions</u>	
First Year	\$ _____	Second Year	\$ _____
		Third Year	_____
		Fourth Year	_____
		Fifth Year	_____
		Sixth Year	_____
Seven Year Total		\$ _____	

I, the undersigned, affirm that this proposal is made on behalf of the below-named company/individual, for whom I have legal authority to commit to the terms and conditions set forth in the RFP and this response, to which we agree to be bound if this proposal is found acceptable by the Department; and that this proposal is made without any collusion or coercion on the part of any person, firm, corporation or other entity.

Company: _____ Address: _____
 Representative: _____ City: _____
 Title: _____ Phone: _____ Fax: _____
 Signature: _____ Date: _____
 (Must be original, no photocopies, and in ink)

For AHTD Use Only

Accepted: _____

By: _____ Date: _____