

## **ANNEXURE C OF THE RFP: FOR THE PROVISION OF LIGHT COMMERCIAL VEHICLES (LCV) FLEET MANAGEMENT SERVICES FOR A PERIOD OF FIVE (5) YEARS**

### **BACKGROUND, OVERVIEW AND SCOPE OF REQUIREMENTS**

#### **1 BACKGROUND**

Transnet utilizes LCV for its daily operations, mainly in Transnet Freight Rail (TFR), Transnet Port Terminals (TPT), Transnet National Ports Authorities (TNPA), Transnet Engineering (TE) Transnet Property (TP), Transnet Corporate Centre (TCC) and Transnet Pipeline (TPL). The coverage of this RFP is for Transnet, nationally.

The successful bidder for LCV emanating from this RFP process is expected to be appointed to provide Full Maintenance Leasing (FML), Short Term Rental (STR) and Managed Maintenance Service (MMS) Fleet Management Services, for Light Commercial Vehicles (LCV) for a period of five (5) years.

#### **2 EXECUTIVE OVERVIEW**

Transnet's objective is to source Light Commercial Vehicles (LCV) Fleet Management Services, nationally, through the appointment of a Preferred Service Provider(s) for LCV, capable of servicing all Transnet Operating Divisions in various locations across the country for a maximum period of five (5) years.

Whereas Transnet is seeking a partner(s) to provide solutions for its Light Commercial Vehicles (LCV) Management Services, nationally, it also seeks to improve its current processes for providing these Services to its end user community throughout its locations.

The selected Service Provider(s) must share in the mission and business objectives of Transnet. These mutual goals will be met by meeting contractual requirements and new challenges in an environment of teamwork, joint participation, flexibility, innovation and open communications. In this spirit of partnership, Transnet and its Service Provider(s) will study the current ways they do business to enhance current practices and support processes and systems. Such a partnership will allow Transnet to reach higher levels of quality, service and profitability.

Specifically, Transnet seeks to benefit from this partnership in the following ways:

- 2.1 Transnet must receive reduced cost of acquisition and improved service benefits resulting from the Service Provider's economies of scale and streamlined service processes.
- 2.2 Transnet must achieve appropriate availability that meets user needs while reducing costs for both Transnet and the chosen Service Provider(s).
- 2.3 Transnet must receive proactive improvements from the Service Provider with respect to provision of Services and related processes.
- 2.4 Transnet's overall competitive advantage must be strengthened by the chosen Service Provider's leading-edge technology and service delivery systems.
- 2.5 Transnet end users must be able to rely on the chosen Service Provider's personnel for service enquiries, recommendations and substitutions.
- 2.6 Transnet must reduce costs by streamlining its acquisition of Services, including managed service processes on a Group basis.

### 3 SCOPE OF REQUIREMENTS

Light Commercial Vehicles Fleet Management Services include generally the Full Maintenance Lease (FML), Short Term Rental (STR), Managed Maintenance of Transnet Owned Vehicles (MM), Sale & Leaseback, 24hr maintenance and roadside assistance, supply of tracking unit for recovery and usage management, driver training, fines & licensing, accident management, disposal of Full Maintenance Leasing and Managed Maintenance vehicles, and comprehensive management information reporting, fleet systems, and dashboard reports (to be integrated into the Transnet Integrated Fuel and Fleet Management System once Transnet implements). Purchase (buy) with or without managed maintenance is only allowed in exceptional circumstances with approval by the Group Chief Executive to deviate.

*The Light Commercial Vehicles portfolio is made up of vehicles <3500kg.*

- Light Delivery Vehicles (LDVs) including single cabs (petrol and diesel) and double cabs (petrol and diesel)
- Cars (1100cc, 1200cc, 1300cc, 1400cc, 1500cc and 1600cc)
- Recreational/Panel vans (petrol and diesel)
- Minibuses (petrol and diesel)
- Trailers related to LCV vehicles

*The Light Commercial Vehicles (LCV) Fleet Management Services Fleet Services includes:*

- Full Maintenance Leasing (**FML**) services for its long-term vehicle requirements (initially 5 years)
- Short Term Rental (**STR**) services for its shorter-term requirements up to maximum of 12 months.
- Managed Maintenance (**MM**) for Transnet's currently owned fleet of vehicles (i.e. not leased from a third party)
- Sale and Lease Back (**SLB**):
  - At contracting stage the newly appointed service provider and Transnet will assess any current LCV leased from any other supplier, to analyse the sale and lease back costs to consolidate into the new contract. If economically viable and risks mitigated, the newly appointed service provider will approach the current supplier(s) for the acquisition of any LCV's which could be leased back to Transnet for the proposed initial five (5) years.
  - At contract end stage, the incumbent supplier will provide the settlement values to the newly appointed service provider at the time, for Transnet to consider the sale and lease back of LCVs being used by Transnet, for the newly appointed service providers to lease back to Transnet, if economically viable.
- Purchase (Buy) in exceptional circumstances with signed business cases by the OD Chief Executives and Group Chief Executive:
  - With maintenance
  - Without maintenance

*The detailed scope of Fleet Management, maintenance and support services for LCV includes the following as part of the final approved pricing schedule:*

1. Provide Electronic quotation & approval system for online Schedule 1's orders for FML and STR and MM requirements, taking into account any relevant National Treasury discounted retail pricing, and Transnet tender final approved pricing structures wherever applicable:
  - Provide fit for purpose vehicles as per Transnet specifications to include Transnet mandatory fitments.
  - Quotes must be minimum 3 quotes and must include locally manufactured/assembled vehicles in the options.
  - If possible, also include electric car options, wherever economically viable and operational risks mitigated.
  - Diesel options must be priority for wherever there are such options for the relevant vehicle category.
  - Includes 5 sets of tyre options in the Schedule 1's to be capitalised over the lease period.
2. Responsible for ordering as per the signed Schedule 1 orders, and as per the lead time of ninety (90) days from date of signed Schedule 1 order. Take into account the Transnet Fleet Policies and Directives.
3. Full delivery (including manuals) and proper hand over of leased vehicle to Transnet at designated sites as per the lead time of ninety (90) days from date of signed Schedule 1 order.
4. Ensure first registration and annual licence renewals for the LCV vehicles. Provide licencing report and all copies of licences renewed
5. Ensure that the new Vehicles at the time of first delivery is clean, including a full tank of fuel.
6. Fitment of Tracking devices and provide access to the online tracking systems (log-on details) to view the detailed tracking management reports per vehicles
7. Provide Driver tags to identify drivers of each vehicle and updating the lists continuously.
8. Provide full Scheduled (routine services and maintenance as per the plans) and Unscheduled (not covered in the service or maintenance plans or warranty, which could be abnormal wear and tear, out of warranty maintenance, driver abuse, etc)) maintenance of leased vehicles for its life of the lease, and also for and Transnet Owned vehicles to ensure minimum ninety-five (95) percentage availability on a monthly basis.
9. Have a 24/7/365 Call Centre with telephone and/or online call logging system, which will generate a service call reference number) and recording facility. Must include Fault logging facility System generated 'reference' number, Call voice logging and follow up and feedback to driver
10. Have a 24/7/365 Breakdown Services whenever required by Transnet.
11. Responsible for Accident repair management and accident reduction processes
12. Ensure Certificate of Fitness (COF) requirements are met, wherever applicable for Leased and Transnet Owned vehicles.
13. Receive Proxy's information from Transnet for licensing purposes to ensure each LCV vehicle is assigned a Transnet proxy
14. Provide statistics and analysis on what is causing increase or high Operator Default costs for abnormal wear and tear maintenance.
15. Improve driver and operator safety with awareness campaigns conducted annually.
16. Ensure Key Account Managers /Client Liaison Officer are supporting the Operating Divisions (OD's) for an Allocated Region or for Operating Divisions in those areas/regions. Have weekly and monthly meetings with stakeholders
17. Conduct annual physical LCV audits to identify damages, and issues that will contribute to the de-fleet process pro-actively. Report issues to the respective OD representatives.
18. Provide Technical Services and advice wherever applicable.
19. Provide detailed monthly LCV vehicle usage management and reporting.

20. Provide Restructuring of Individual Contracts proposal as per the agreed contractual timelines should the FML usage exceed the agreed monthly allocated kms over the agreed period.
21. Responsible for the fitment of Accessories to FML LCVs.
22. Transfer of Accessories from "old" to "new" FML LCVs, wherever economically viable and risk free.
23. Manage the Transnet Owned Maintenance by providing at least 2 quotes, wherever applicable, to fix or repair the Transnet Owned vehicles. The cost of the approved repairs to be invoiced separately to Transnet.
24. To purchase critical spares, whenever requested by Transnet, to keep stock in cases of emergencies and to reduce long lead time of repetitive spares for breakdowns. OD will issue Schedule 1 to order critical spares required to reduce lead time to repair crucial LCV vehicles in operations.
25. Dispose of Transnet Owned Vehicles and pay Transnet the salvage amounts in line with the contract.
26. Dispose of FML units.
27. Provide and electronic replacement programme for expiring leases.
28. Additional proposal (s) to improve efficiencies.
29. Administration of fines and e-tolls
30. Provide Monthly variable billing and multiple billing for costs not included in the fixed costs. Rebills for MM maintenance must include supporting documents
31. Provide Technical services support Convene monthly technical meetings to provide feedback technical inspections reports on issues
32. Efficiency and cost improvement propositions to reduce fleet cost.
33. Report Vehicle abuse
34. Transnet will require accessory fitments such as, but not limited to:
  - (a) Dashboard cameras;
  - (b) tow bars,
  - (c) roll bars, and
  - (d) Canopies, etc

The Successful Service Provider/s will need to provide quotes on an "as and when" basis which could be either when a new vehicle is requested, or for any existing vehicle in Transnet's fleet. In the event that an accessory is required with a new vehicle, this will be priced into the lease schedule and a quotation must be submitted to Transnet for approval at the time of request. In the event that an accessory is required for an existing vehicle in Transnet's fleet, then this accessory will be requested by Transnet on a quotation basis, and subject to Transnet approval at the time. However as part of standard fitments where technically possible, all vehicle options to include:

- (a) Radio,
- (b) ABS,
- (c) airbags,
- (d) Air conditioner, and
- (e) 4 replacement sets of tyres included in the fixed basic rental
- (f) Seat belt indicator
- (g) Speed Limitors (as per Operating Divisions directives where implemented).
- (h) Speed Buzzers
- (i) Additional airbags for passengers (wherever applicable)

Additional to the standard fitments, minibuses must have at least one fire extinguisher as per the National Road Traffic Act 93 of 1996.

There may be a requirement for additional vehicles types not specified in this RFP from time to time. In such an event, the successful Service Provider will provide Transnet with pricing on a quotation-by-quotation basis, at the time of the specific request. This quotation will be subject to approval by Transnet.

35. Report on Service Level Performance on a monthly basis for the Quarterly Group Operations Steercom
36. Provide Transnet Fleet Management users (about 200 group wide) with online access (included in pricing) to an efficient and effective Fleet Management System with extensive web-based Reporting functionality in the following areas as the minimum, with detailed information management, dashboards and exception reporting, which must be able to integrate this reporting into the Transnet Integrated Fuel and Fleet management system whenever Transnet implements this:
  - Provide Online quotations
  - Delivery tracking
  - Provide online Vehicle Management Services for:
    - ✓ Scheduled and Unscheduled Maintenance
    - ✓ Repairs
    - ✓ Accident management
    - ✓ Breakdown services
  - Provide web based monthly multiple parameters automated reports and executive management reports, for the Group and for the individual Operating Divisions for the following reports as the minimum:
    - ✓ Debtors ageing
    - ✓ Vehicle Availability:
      - (a) Scheduled Services status
      - (b) Unscheduled maintenance status
      - (c) Accident repairs status
      - (d) Time spent at repair centre
    - ✓ Breakdown services performance
    - ✓ Call Centre services performance
    - ✓ Detailed cost breakdown of all fixed and variable costs per vehicle with all individual lease contract information
    - ✓ CO2 Emissions
    - ✓ Service Level Agreement dashboard
    - ✓ Contracts expiring
    - ✓ Fines status
    - ✓ Savings performance
    - ✓ 30% Sub-Contracting performance
    - ✓ Fleet size
    - ✓ Utilisation performance:
      - (a) Over Utilisation of allocated kms
      - (b) Under Utilisation of allocated kms
    - ✓ Annual Licence renewal status
    - ✓ Order status
    - ✓ Delivery statis
    - ✓ De-fleet /Returns status
    - ✓ Restructures status
    - ✓ Over Utilisation of allocated kms
    - ✓ Under Utilisation of allocated kms
    - ✓ Unscheduled maintenance status
    - ✓ Rate card

- ✓ Vehicle condition audit
- ✓ Tyre management
- Provide Transnet Fleet Management users (about 200 group wide) with online access (included in pricing) to a 24/7 efficient and effective live Tracking System with extensive web-based Reporting functionality in the following areas as the minimum, with detailed information management, dashboards and exception reporting, which must be able to integrate this reporting into the Transnet Integrated Fuel and Fleet management system whenever Transnet implements this:
  - ✓ Live real time tracking for recovery of stolen and hijacked incidents
  - ✓ Speeding
  - ✓ Harsh braking
  - ✓ Harsh acceleration
  - ✓ Harsh cornering
  - ✓ Excessive idling
  - ✓ Driving time
  - ✓ Geo Fencing:
    - (a) Create vehicle geo-fencing parameters for all vehicles upon request
    - (b) Create service repair centre geo-fencing
    - (c) Create shopping malls and centres geo-fencing
    - (d) Kilometres travelled out of bounds
  - ✓ Weekend usage
  - ✓ After-hours usage
  - ✓ Driver tag identification for incidents
  - ✓ Accident reconstruction
  - ✓ Battery tampering and disconnect notifications and follow up
  - ✓ Kilometre travelled
  - ✓ Impact sensor (Vehicle crash alert)
- Ability to provide Transnet with specific upload files in csv or txt default format transmit or share data via an API or any other system that will ensure live data is received by Transnet as agreed between the parties whenever needed
- Additional cost items to be quoted on three quote system, separately after the award, if requested:
  - ✓ Provide drivers if and whenever needed as optional to be quoted separately upon request as a three-quote system.
- ✓ Cleaning and washing services, including mobile services, as optional whenever required by Transnet, at an additional cost to be quoted separately.