

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit A, Scope of Work
Page 1 of 8

# EXHIBIT A SCOPE OF WORK

#### 1. AGREEMENT OVERVIEW

- A. The State of California, Department of General Services (hereinafter referred to as the "State" or "DGS" and Southwest Airlines Co (hereinafter referred to "Contractor") enter into this Master Service Agreement (MSA) or "Agreement" and hereby agree the Contractor will provide Airline Travel Services to California State agencies and participating local government agencies (hereafter collectively known as User Agencies).
- **B.** A political subdivision/local government agency is defined as any city, county, city and county, district, or other local governmental body or corporation, including California State Universities (CSU) and University of California (UC) systems, K-12 schools and community colleges empowered to expend public funds. Each political subdivision/local government should make its own determination whether or not the use of the MSA is consistent with its procurement policies and regulations.

#### 2. AGREEMENT TERM

- **A.** The term of this MSA is for a three (3) year period from the "Go Live" date with two (2) optional one-year extensions at the discretion of the State, with a maximum cumulative term period of five (5) years. Extensions will be made by amendment to the MSA at the same rates, terms and conditions.
- **B.** The "Go Live" Date shall be July 1, 2020. This will be the date that User Agencies may begin booking airline reservations under this Agreement. The three (3) year term of the Agreement will start on the "Go Live" Date. The time period between the contract award and the "Go Live Date" must be used by the incoming contractor to prepare to initiate service on, July 1, 2020, at no cost to the State. During this time period, the contractor will be required to:
  - 1) Work with the state's contracted travel agency to provide pseudo city codes and load discounted fares.
  - 2) Work with the state's contracted travel agency and conduct testing to ensure discounted fares are properly loaded and accessible to User Agency travelers.
- **C.** In addition to any other provision of this Agreement, the state may terminate this Agreement or cancel a portion of the services for any reason with thirty (30) days written notice.
- **D.** Should the Contractor fail to commence work at the agreed upon time, the state, upon five (5) days written notice to the Contractor, reserves the right to terminate the Agreement.
- E. User Agencies' reservations booked prior to the end of the MSA contract term must be

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit A, Scope of Work
Page 2 of 8

honored by contractor and must be completed and/or used by the User Agency within the twelve (12) months following the end of the MSA contract term including any extension periods. Contractor may provide the desirable features for these reservations within twelve (12) months following the end of the MSA contract term.

# 3. AUTHORIZED USERS ("USER AGENCIES")

**A.** Tickets in all markets within the awarded category will be made available to all User Agency employees traveling on authorized business when booking travel through the Statewide Travel Program (STP) using either booking method listed below; and when payment is made using the State's contracted Travel Payment System (TPS) provider.

Booking airline reservations must be made either by:

- 1) Online: Using a web-based online booking tool (OBT) provided by the state's authorized travel agency; or
- 2) By Phone: Calling the authorized travel agency and making reservations directly with a travel agent.

# B. State Employee

For the purpose of this RFP, a state employee is an officer or employee of the Executive Branch of California State Government.

# C. <u>Local/Optional Users</u>

In addition to the officers and employees of the Executive Branch of California State Government, the following may, but are not required to, obtain services under these contracts providing they are on authorized business.

- 1) Non-Salaried:
  - Persons who are on official state business and whose travel expenses are paid by the state (this includes volunteers, members of official task forces, consultants and members of some commissions and boards, and wards of the state).
- 2) Elected Constitutional Officers:
  Governor, Lieutenant Governor, State Controller, Attorney General, Secretary of State, Superintendent of Public Instruction, State Treasurer, Insurance Commissioner, members of the Board of Equalization, and their staff members.
- 3) State Legislative Branch: Members of the State Senate and State Assembly, and their Legislative staff members.
- 4) State Judicial Branch:

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit A, Scope of Work
Page 3 of 8

Justices, officers, and employees of the Supreme Court of California, the Courts of Appeal, the Judicial Council of California and the State BAR of California.

#### **5)** Local Agencies:

- Elected officials and other personnel of local agencies (city, county, city and county, district or other political subdivision within California); persons employed by or affiliated with the California Special Districts Association (CSDA), California League of Cities (CLC) or the California State Association of Counties (CSAC) or affiliated organizations.
- **6)** Kindergarten through Grade Twelve (K-12), Public School Districts, Community Colleges, California State Universities and UC System.

#### 4. CONTRACTOR RESPONSIBILITIES

# A. Preferred Carriers

- 1) Awarded Preferred Carriers for either category will be the preferred air transportation providers for the State of California. All authorized User Agency travelers booking through the state's travel program will be required to use a Preferred Carrier unless the following exceptions exist:
  - If Preferred Carrier #1, Primary Domestic, does not have availability in a selected domestic market, all authorized User Agency travelers are required to use Preferred Carrier #2, Secondary Domestic, in the selected domestic market.
  - If Preferred Carrier #2, Secondary Domestic, does not have availability in a selected domestic market, all authorized User Agency travelers may use a non-contracted carrier.
  - If Preferred Carrier #2, International, does not have availability in a selected international market, all authorized User Agency travelers may use a non-contracted carrier.
- 2) Preferred Carriers will be permitted to use their status for marketing and promotional purposes throughout the duration of the contract.
- 3) Preferred Carrier Contractors will furnish all authorized User Agency travelers with the contracted discount(s) on all refundable and nonrefundable flights within their contracted category (Primary Domestic or International/Secondary Domestic). Discounted fares under this contract will be loaded into the Global Distribution System (GDS) as private fares. Promotional Fares in all Categories (Primary Domestic or International/Secondary Domestic) may be discounted at Contractor's discretion.

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit A, Scope of Work
Page 4 of 8

- 4) Preferred Carrier Contractors will provide all authorized User Agency travelers with the same services provided to the general public in unrestricted scheduled service, including food and beverages, subject to the rules and procedures published in the air carrier's tariffs on file with the Airline Tariff Publishing Company.
- 5) Preferred Carrier Contractors will make reservations for all authorized User Agency travelers on the same basis as for regular service travelers and will not discriminate in favor of any other travelers.
- **6)** Preferred Carrier Contractors will honor all desirable features provided in their proposal (Attachment 8 or 9) to all authorized User Agency travelers.
- 7) Preferred Carrier Contractors may increase discounts provided to the state in any market, but can never reduce discounts in any market to less than the discounts provided to the state in their proposal as shown in Attachment 8 or 9 Discounts and Desirable Features.

#### B. Monthly Contract Activity Reports

- 1) Contractor shall submit a monthly report for all User Agencies via email to the STP Contract Administrator no later than the 15<sup>th</sup> of the month following the monthly reporting period. A report template shall be provided to awardees upon award.
- 2) The State reserves the right to request additional reporting information or to change the reporting requirements and/or format at any time without an amendment to this Agreement and with no additional cost to the State.
- **3)** To maintain contract performance records, the contractor must submit a monthly report even if it indicates no contract activity.
- 4) Any report that does not follow the required format or that excludes information may be deemed incomplete and returned for correction. Failure to submit accurate reports on a timely basis may constitute grounds for contract suspension.
- **5)** Reports must be in Excel, CSV or other format where data can be sorted and manipulated.
- 6) The data categories identified below must be supplied in each report. Additional data categories and reports may be included, and/or requested by the state (at no additional cost to the state) in order to capture transaction detail and/or account performance. All reports will capture transaction details including, but not limited to the following:

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit A, Scope of Work
Page 5 of 8

# a) Luggage Report

An Itemized List of Checked Baggage to include:

- Traveler Name
- Departing Airport Code
- Arrival Airport Code
- Departing Date and Time
- Class of Service
- Fare Type
- Record Locator Number
- Ticket Number
- Transaction Date
- Last Four (4) Digits of Credit Card Number
- # of Checked Bags per Traveler
- Fees and Surcharges
- Total Billed Charges per Traveler
- Total # of Checked Bags for the Month
- Total Billed Charges for the Month

# **b)** Compliance Report:

- Number of Cancellations (# of transactions and total cost)
- Number of Changes (# of transactions and total cost)
- Number of Segments (# of transactions and total cost)
- Total Spend for the Quarter and Year-Over-Year Comparison
- Fare Base with Ticket Designator
- Monthly Savings Based on Discount
- Traveler Name
- Departing Airport Code
- Arrival Airport Code
- Departing Date and Time
- Class of Service
- Fare Type
- Record Locator Number
- Ticket Number
- Transaction Date
- Last Four (4) Digits of Credit Card Number
- Fees and Surcharges
- Total Billed Charges

#### c) Debit Memos:

- Itemized List of Transactions, Cost per Transaction and Total Cost
- Traveler Name
- Departing Airport Code

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit A, Scope of Work
Page 6 of 8

- Arrival Airport Code
- Departing Date and Time
- Class of Service
- Fare Type
- Record Locator Number
- Ticket Number
- Transaction Date
- Last Four (4) Digits of Credit Card Number
- Fees and Surcharges
- Total Billed Charges

#### d) Waivers & Favors:

- Itemized List of Transactions, Cost per Transaction and Total Cost
- Traveler Name
- Departing Airport Code
- Arrival Airport Code
- Departing Date and Time
- Class of Service
- Fare Type
- Record Locator Number
- Ticket Number
- Transaction Date
- Last Four (4) Digits of Credit Card Number
- Fees and Surcharges
- Total Billed Charges

#### e) Unused Ticket Credits:

- Record Locator Number
- Ticket Number
- Traveler Name
- Ticket Credit Amount
- Expiration Date
- Last Four (4) Digits of Credit Card Number

#### C. QUARTERLY REVIEW

- 1) Contractor will meet quarterly in person with STP, at no additional cost to the State, to review services, contract performance, savings reports, spend reports, optional features data reports, and projected revenue in the month succeeding the quarter in review. A quarterly meeting schedule will be established mutually between STP and the Contractor once an agreement is executed.
- 2) Once a year, the quarterly review will also include a review of the State's top twenty (20) international markets and to verify that the Category 2 International

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit A, Scope of Work
Page 7 of 8

Preferred Carrier's market availability still meets the minimum qualifications of the proposal and also review the average daily number of flights in each market proposed to verify the Preferred Carrier still meets the proposed Flight Availability on the Discount/Desirable Features Worksheet. The contractor may be required to change their market availability based on the changes to State's top twenty (20) international markets.

3) At the discretion of the State, STP will review the top twenty (20) domestic markets and will verify that the Category 1 Primary Domestic Preferred Carrier's market availability still meets the minimum qualifications of the proposal and also review the average daily number of flights in each market proposed to verify the Preferred Carrier still meets the proposed Flight Availability on the Discount/Desirable Features Worksheet. The contractor may be required to change their market availability based on the changes to State's top twenty (20) domestic markets.

Contractor agrees that if awarded Category 1 Primary Domestic or Category 2 International, it must serve the number of markets meeting the minimum requirements on Attachment 1 – Flight Availability Certification and the average daily number of flights proposed in the Flight Availability portion of either Attachment 8 or 9 – Discount/Desirable Features Worksheet, throughout the MSA term, including any optional year extensions.

# D. Insurance

Contractors shall submit on an annual basis for the term of the contract the Certificate of Liability insurance as outlined in Exhibit D, Insurance Terms and Conditions. Contractors will also include the State of California, Department of General Services as a Certificate holder ensuring continued coverage. The policy must name "The State of California, its officers, agents, and employees as additional insured's, but only with respect to work performed under the contract.".

#### **E. Preferred Carrier Refunds**

Preferred Carrier Contractors are required to automatically refund any or all portions of a cancelled or unused refundable ticket to the User Agency's original form of payment. Refunds shall be completed no later than the 15<sup>th</sup> of the month following the event. The event is either the date the refundable ticket was cancelled or the date the refundable ticket was not used as scheduled.

# F. Frequent Flier Programs

State government travelers who earn Frequent Flier Miles/Points while traveling on official state business will continue to receive and retain them for their personal use.

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit A, Scope of Work
Page 8 of 8

# G. Flight Availability

Each Preferred Carrier category includes proposed market availability meeting the minimum requirements and proposed flight availability that was scored, that must be maintained throughout the MSA term, including any optional year extensions. The contractor's performance will be reviewed annually for compliance. If the Contractor fails to maintain the market availability and/or flight availability, the State may, at its sole discretion, require the contractor to take corrective action. The contractor will be notified in writing and will have 90 days to take corrective action. If the requested corrective action is not made within the 90 days, the State may, at its sole discretion, cancel the contract and/or negotiate another contract for that Preferred Carrier category.

#### 5. STATE RESPONSIBILITIES

DGS-STP is responsible for the following:

- A. Monitor User Agencies' contract compliance as follows:
  - 1) Configure User Agencies' online booking tool (OBT) to record non-contract flights booked and issue on-screen policy violation notifications to users.
  - 2) Only allow OBT to display fares loaded privately to the state's contracted travel agency.
  - Inform User Agencies of contract and Statewide Travel policy requirements for booking Preferred Carrier Contractors only.
  - **4)** Ensure non-contracted carriers cannot load courtesy fares.
- **B.** Execute and administer the Airline Travel Services MSA.
  - 1) Upon award of the Preferred Carrier contracts, DGS-STP will notify all User Agencies and the state's contracted travel agency of the Preferred Carrier contractors, as well as requirements and procedures for use of service.
  - 2) Post all contract information on the DGS-STP website.
  - 3) Monitor Monthly Contract Activity Reports.

#### 6. CONTRACT ADMINISTRATORS

The state and MSA Contractor have assigned Contract Administrators as single points of contact for all inquiries, contract-related issues, and problem resolution. The Contract Administrators and their contact information will be listed on the DGS-STP web page after award. Should a Contract Administrator change, each party will notify the other in writing no later than ten (10) business days after the date of such change, and without amendment to this Agreement.

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit B, Budget Detail and Payment Provisions
Page 1 of 1

# EXHIBIT B BUDGET DETAIL AND PAYMENT PROVISIONS

# A. **BUDGET CONTINGENCY CLAUSE:**

It is mutually agreed that if the budget act of the current fiscal year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

If funding for any fiscal year is reduced or deleted by the budget act for purposes of this program, the State shall have the option to either: cancel this Agreement with no liability incurred by the State, or offer an Agreement amendment to Contractor to reflect the reduced amount.

# B. RATES

The discounts for services to be provided in the MSA are listed in Attachment 8 – Discounts and Desirable Features.

#### C. PAYMENT

1) Payment by a User Agency must be made through the State of California's authorized Travel Payment System (TPS). Contractor's acceptance of the TPS as the only authorized form of payment is mandatory.

#### 2) CHARGES AND BILLING:

Contractor will charge all transactions to the TPS for payment at the time the flight is booked.

User Agencies will receive a consolidated billing statement from the TPS reflecting charges through the end of the billing cycle for that account. User Agencies are responsible for payments directly to the TPS for all charges.

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit D, Insurance Terms and Conditions
Page 1 of 2

# EXHIBIT D INSURANCE TERMS AND CONDITIONS

#### 1. General Provisions

- A. Coverage Term Coverage needs to be in force for the complete term of the contract. If insurance expires during the term of the contract, a new certificate must be received by the State at least ten (10) days prior to the expiration of this insurance. Any new insurance must still comply with the original terms of the contract.
- **B.** Policy Cancellation or Termination & Notice of Non-Renewal Contractor and/or Permittee is responsible to notify the State within five business days before the effective date of any cancellation, non-renewal, or material change that affects required insurance coverage. In the event Contractor and/or Permittee fails to keep in effect at all times the specified insurance coverage, the State may, in addition to any other remedies it may have, terminate this Contract upon the occurrence of such event, subject to the provisions of this Contract.
- **C. Deductible** Contractor and/or Permittee is responsible for any deductible or self-insured retention contained within their insurance program.
- **D. Primary Clause** Any required insurance contained in this contract shall be primary, and not excess or contributory, to any other insurance carried by the State.
- **E.** Insurance Carrier Required Rating All insurance companies must carry a rating acceptable to the Office of Risk and Insurance Management. If the Contractor and/or Permittee is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required.
- **F. Endorsements** Any required endorsements requested by the State must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.
- **G. Inadequate Insurance** Inadequate or lack of insurance does not negate the contractor and/or Permittee's obligations under the contract.
- **H. Satisfying an SIR** All insurance required by this contract must allow the State to pay and/or act as the contractor's agent in satisfying any self-insured retention (SIR). The choice to pay and/or act as the contractor's agent in satisfying any SIR is at the State's discretion.
- I. Available Coverages/Limits All coverage and limits available to the contractor shall also be available and applicable to the State.
- J. Subcontractors In the case of Contractor and/or Permittee's utilization of subcontractors to complete the contracted scope of work, contractor and/or Permittee shall include all subcontractors as insured's under Contractor and/or Permittee's

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit D, Insurance Terms and Conditions
Page 2 of 2

- insurance or supply evidence of insurance to The State equal to policies, coverages and limits required of Contractor and/or Permittee.
- **K. Insurance Certificate** Contractor shall provide an insurance certificate evidencing the required insurance coverage before work commences under this Agreement.

# 2. Insurance Requirements

- A. Commercial General Liability Contractor shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured Agreement. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the Contractor's limit of liability. The policy must name The State of California, its officers, agents, and employees as additional insured, but only with respect to work performed under the contract.
- **B. Automobile Liability** By signing this Agreement, the Contractor certifies that the Contractor and any employees, subcontractors or servants possess valid automobile coverage in accordance with California Vehicle Code Sections 16450 to 16457, inclusive. The State reserves the right to request proof at any time.
- C. Workers' Compensation and Employer's Liability Contractor shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of the Contract. In addition, employer's liability limits of \$1,000,000 are required. By signing this contract, Contractor acknowledges compliance with these regulations. A Waiver of Subrogation or Right to Recover endorsement in favor of the State of California must be attached to certificate.
- D. Aircraft Liability Contractor shall maintain Aircraft Liability on an occurrence basis including products and completed operations, property damage, bodily injury with limits of not less than \$100,000,000. The policy must name The State of California, its officers, agents, and employees as additional insured, but only with respect to work performed under the contract.

Department of General Services
Airline Travel Services
Agreement Number 5209918-01
Exhibit E, Attachment 8 Discount/
Desirable Features Worksheet
Page 1 of 1

# EXHIBIT E ATTACHMENT 8 DISCOUNT/DESIRABLE FEATURES WORKSHEET CATEGORY 1 PRIMARY DOMESTIC – PREFERRED CARRIER #1

	PROPOSER: Southwest Airlines CO		
	All Fares Discount Percentage: <u>5</u> %		
1.	Waivers and Favors: Proposer will provide \$		
	in waivers and favors per contract year (a minimum of \$50,000 per contract year), for waived "change" fees for unused or cancelled tickets purchased under the resulting Preferred Carrier agreement.		

2. Waived Baggage Fees: Proposer will provide waived or no baggage fees

for the first checked bag on fares purchased under the resulting Preferred Carrier agreement.

Yes\_\_\_\_ No\_\_\_

State's Top Ten (10) Domestic Markets	Airport Code	Average Daily # of Nonstop Flights
ONTARIO, CA - SACRAMENTO, CA	ONT - SMF	7
BURBANK, CA - SACRAMENTO, CA	BUR - SMF	11
SAN DIEGO, CA - SACRAMENTO, CA	SAN - SMF	15
SACRAMENTO, CA - ORANGE COUNTY, CA	SMF - SNA	6
LOS ANGELES, CA - SACRAMENTO, CA	LAX - SMF	9
BURBANK, CA - OAKLAND, CA	BUR – OAK	13
LONG BEACH, CA - SACRAMENTO, CA	LGB – SMF	4
OAKLAND, CA - SAN DIEGO, CA	OAK - SAN	12
OAKLAND, CA - ONTARIO, CA	OAK - ONT	7
LOS ANGELES, CA - SAN FRANCISCO, CA	LAX – SFO	8