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This Amendment is issued to incorporate the following changes to solicitation SP0600-00-R-0009:

- A. SF 33, Solicitation, Offer and Award, change block 9 to read: Sealed offers in an original and 3 hard copies with an additional copy submitted on a CD**
- B. Section I.4, AFFARS Clauses Incorporated by Reference, replace with the following**

I.4 AFFARS Clauses Incorporated by Reference

The following AFFAR clauses are incorporated by reference:

AFFARS Paragraph	Clause Title	Date
5352.223-9000	Elimination of Use of Class I Ozone Depleting Substances (ODS) (IAW AFFARS 5323.890-7)	May 1996
	Class I ODS Materials Weight (lb) on hand as of _____	
5352.223-9001	Health and Safety on Government Installations (IAW AFFARS 5323.9002)	Jun 1997
5352.237-9000	Control and Release of Inspector General Reports (IAW AFFARS 5337.110)	May 1996
5352.242-9000	Contractor Access to Air Force Installations (IAW AFFARS 5342.490-1)	May 1996

- C. Attachment J19, paragraph J19.3 - Replace bullet number 2 to include sub bullets with the following:**

- The Contractor shall provide monthly meter reading reports IAW Paragraph J19.6, that meet the following requirements:
 - Utility Resources Coordinator – Monthly voucher and/or billing statement with meter consumption and charges of each meter are needed to certify payment to DFAS-SA.

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- A listing of all meters and building numbers is needed to consolidate consumption and charges for monthly consolidating reports to each customer. The multiplier, demand (kW), peak charges and any special/specific charges accrued for the month.

D. Attachment J20, paragraph J20.3 - Replace the last bullet to include sub bullets with the following:

- The Contractor shall provide monthly meter reading reports IAW Paragraph J20.6, that meet the following requirements:
 - Utility Resources Coordinator – Monthly voucher and/or billing statement with meter consumption and charges of each meter are needed to certify payment to DFAS-SA. A listing of all meters and building numbers is needed to consolidate consumption and charges for monthly consolidating reports to each customer. The multiplier, demand (kW), peak charges and any special/specific charges accrued for the month.

E. Attachment J24, paragraph J24.2.1.2, Table 1 - Add the following under the heading PE Gas Pipes:

1" pipe, change lf from 28,440 to 30,454

Add a 1 1/4" pipe with a total of 8,640 lf, approx year of construction 1990

Add a 1 1/2 pipe with a total of 8,271 lf, approx year of construction 1990

F. Attachment J25, paragraph J25.2.1.2, Table 1 - Above Ground Storage Tanks, change the weighted year of construction to 1953.

G. Attachment J26, paragraph J26.2.1.2, Table 1 - Standard Sanitary Sewer Manhole, change quantity to 725 each

H. Section L.9.5 Organization has been revised to read:

Volume IV shall consist of the following sections:

- * Table of Contents
- * Section 1: **Schedules B-2, L-1, L-2 and L-3**
- * Section 2: Cost Proposals, Introduction, and Pricing Assumptions
- * Section 3: General Estimating Methodology
- * Section 4: Cost Risk Assessment

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I. Attachment J44B, Department of Labor Wage Determination is replaced with updated wage rates provided at Attachment J44B.

Attachment 1 answers are provided for clarification purposes only and do not change any part of the RFP. If necessary other questions may be addressed during negotiations.

Attachment 1

Questions and Answers, Solicitation SPO600-00-R-0009

Responses to Questions on Fort Bliss

Regarding Attachment J31

How did the Government calculate the Replacement Cost of the Fort Bliss system of \$47.8 million? (page J31-7)

The Replacement Cost New of the Fort Bliss system was calculated based on the amount of facilities indicated in maps and documents furnished by the Fort Bliss Public Works staff. These facilities were individually tabulated, then summed for system totals. Replacement costs of the separate components were assigned based on the 1999 R.S. Means Electrical Cost Data for the El Paso, TX area

Has the Government calculated an estimated Fair Market Value for the Fort Bliss system? If so, what is that amount and how was it calculated?

This figure is calculated based on the replacement cost new less depreciation method. The depreciation amount is calculated based on a used life/expected life ratio. However, the minimum ratio used for any component still in service was 20 percent. Expected life estimates are as follows:

- 35 years for overhead lines and facilities;
- 20 years for underground lines and facilities;
- 50 years for pole-type and pad-mounted type transformers;
- 20 years for street lighting facilities;
- 25 years for distribution service facilities; and
- 40 years for electrical substation facilities.

The Fair Market Value also includes costs for additional work in progress and subtracted costs for required improvements. Although this is an estimated Fair Market Value, the entity responsible for the actual Fair Market Value to be used for consideration in the event of a privatized system is the servicing U.S. Army Corps of Engineers District – Real Property Division.

How did the Government calculate the estimated cost to rectify 55 transformer bank sites of \$2.2 million? (page J31-5)

This estimated calculated cost includes the cost to remove the existing pole mount type transformers, exposed bushing connections, and exposed bare bus connectors that are installed in ground level fenced enclosures and replacing them with pad mounted deadfront type transformers with underground feeder connections.

Has the Government calculated the overall average age (in years) of the facilities that comprise its Fort Bliss electric distribution system (for example: accumulated depreciation divided by 1999 depreciation expense)? If so, what was the age calculated and under what methodology was it calculated?

The average year of construction for the facilities can be found in Table 1 of Section J31.2.1.2 Inventory. The age is calculated as follows:

$(\text{Accumulated Depreciation} / \text{Replacement Cost New}) / \text{Annual Depreciation Rate}$

Do the facilities on which the Offerer is bidding include the facilities listed below? These are not specifically identified in Attachment J31.

MAIN CANTONMENT AREA

Station 11008 (currently de-energized)

Station 11006

Station 11182

Station 2484

BIGGS AAF

Station 11192

Station 11208 (Runway lights - facilities outside building only)

ORO GRANDE RANGE

Regulator station

McGREGOR RANGE

Regulator station

Paragraph J31.2.1 – Electrical Distribution System Fixed Equipment Inventory, Specifically states, “The U.S. Army Fort Bliss electric distribution system consists of all appurtenance physically connected to the distribution system from the point in which the distribution system enters the Base, and/or Government ownership currently starts to the point of demarcation defined by real estate instruments.

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The system may include, but is not limited to substations, transformers, underground and overhead circuits, utility poles, switches, vaults and lighting fixtures.” Although the system description may be lacking to some degree, the cited paragraph goes on to state, “The following description and inventory is included to provide the Offeror a general understanding of the size and configuration of the distribution system. The Offeror shall base the proposal on site inspections, information in the bidders library other pertinent information, and to a lesser degree the following description. Under no circumstances shall the Contractor be entitled to any rate adjustments based on the accuracy of the following description and inventory.”

Are there any other stations or facilities not specifically identified in Attachment J31 or in the listing above that will also be included in the assets to be transferred? If so, what are they?

The system description developed was based on information provided by the installation; however, reference answer provided for question e. above.

Attachment J31 (Table 2) states that "spare parts" are to be identified in the technical library for Fort Bliss. It does not appear that the technical library for Fort Bliss includes such identification. To the extent there are any, please provide detail concerning the spare parts to be included in the transfer of assets at Fort Bliss.

Regarding Section C.3.4

Paragraph C.3.4 addresses energy efficiency programs and encourages the contractor to propose these projects to the Government during the course of the contract awarded under the RFP. Texas law already requires an electric utility to implement energy efficiency programs equivalent to at least 10% of the electric utility's annual growth in demand by January 1, 2004. Tex. Utilities Code ?39.905. Will compliance with the State of Texas energy efficiency goals satisfy the requirements of paragraph C.3.4 or will the Government require additional energy efficiency programs over the State of Texas mandated goals?

DA installations are mandated by public law to reduce energy consumption and/or energy costs IAW DoD guidance, policies and standards. The DoD guidance, policies and standards may or may not be more stringent than those imposed on utility companies within the State of Texas.

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Responses to Questions from Sheppard AFB 25 & 26 Sept Site Visit

Water Storage Tanks:

The name plate of the 1.5MM USG storage tank states year of manufacture as 1953, however attachment J25 (section J25.2.1.2) gives year of construction as 1981. What is the correct date for this tank and the others?

1953

When were the interior of the tanks last painted? Do you know whether the paint was epoxy based? of potable grade?

The water tower was painted in 1991 and the 1.5 million gallon water storage tank was painted around 1991 – 1992. The paint was epoxy based. The existing records do not indicate accurately when the other two storage tanks were last painted.

Have any of the recommendations put forth by US Underwater Services Inc in their July 30th, 2000 report been performed, such as replacing the roof ventilation structure, repairing holes found on external plates, replacing water float, replacing the 20" manway with one of 30" on the water tower, etc? If not, will the Installation pass on the responsibility of completing these changes to the Contractor?

No repairs have been made.

Please confirm that the Water Tower PRVs were installed in 1996. They are not mentioned in document J25, section J25.2.1.2

Yes, the PRV's were installed in 1996.

Since approximately when has the presence of a low pressure zone at the Base hospital existed? Before or after the installation of the new PRVs for the water tower?

The problem existed prior to 1996 PRV's and still exists.

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Regarding the use of effluent from the North POTW for golf course irrigation, who will have the responsibility of paying the municipality for the water usage? Will it be the Contractor who will then charge the user (golf course/Installation) or will it be a direct charge from the POTW to the Installation. We weren't able to get a confirmation of this during our visit.

The effluent water bill should be handled like all other utility bills. All utility bills come to the base Civil Engineer (CE) Squadron. Base CE will bill the end users.

What is the frequency of testing for water pH, chlorine level? Are those results available?

Daily testing. Results are available. See DESC Web Site.

Would the Base be able to provide a complete water analysis for the potable water supplied by the city of Wichita Falls?

Advise contractors to contact the City of Wichita Falls.

Would you be able to provide water consumption rates for both potable water systems? That is, consumption rates from both the Base's water tower and the city's water tower which services the officer's homes (Capehart Housing?).

Yes. See DESC Website

Has the proposed capital improvements or government deficiencies outlined in section J24.11 been done by the government, as you indicated or not?

The projects listed in Section J24.11 are still valid requirements. The projects completed last year were not listed in Table 8 of said section.

The updated inventory list given to us during our site visit shows about 33,000 feet of pipe less than the total footage found in the RFP. It appears that anything less than 1 inch was eliminated. Which inventory list is most accurate? Did the military abandoned 33,000 feet of main and services?

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After further review and evaluation, the correct linear footage for the natural gas system is as follows:

Total linear footage: 267,000

The following items should be added:

1" 30,454

1 ¼" 8,640

1 ½" 8,271

What is the name of the contractor that installed the recent capital improvement?

The last utility related project involved replacing natural gas mains. The construction contractor was Garcia Construction of Wichita Falls, TX

Why are the mains on Bridwell Ave., along with Hart/E/7th Ave being replaced as requested by the government on system deficiencies?

The gas mains along Hart / E / 7th Ave. have deteriorated due to corrosion. The gas main along Bridwell Ave. has not shown the same degradation. The latter project will allow for additional gas service to the north end of the base.

Have any testing or coupons, physical condition assessments been taken to determine the condition of the steel pipe?

No.

What are the load factors for all the dorms that need a secondary meter installed according to the RFP?

That information is not metered or calculated. However, if the requester desires, a list of the large gas fired boilers for some of those facilities is provided.

FACILITY No.	AREA (SF)	FACILITY FUNCTION	INPUT MBTU	HEAT TYPE	BOILER MANUFACT	DATE INSTALL
516		1000 MAN DORM		STEAM	BURHNAM	1996
	151,826		6,276			
516			10,461	STEAM	BURHNAM	1996
716		1000 MAN DORM		STEAM	BURNHAM	1991
	151,826		6,276			
716				STEAM	BURNHAM	1991
			10,461			
530 ¹		CENTRAL PLANT		HTW	WEIL MCLAIN	1990
	12,000		1,760			
690 ²		CENTRAL PLANT		HTW		1986
	11,080		978			
790 ³		CENTRAL PLANT		HTW	BURNHAM	1987
	6,355		1,894			
1638	12,161		500	HTW	FULTON	1997

1. Central Heating Plant for Fac 527, 528 and 529
2. Central Heating Plant for Fac 691, 692 and 693
3. Central Heating Plant for Fac 791, 792 and 793

What are the pulsomatic transmitters connected to each gas meter used for? Where is the information going to and used for?

These transmitters were for future use with our Energy Monitoring and Control System (EMCS), but they were not connected to the system. At this time there is not a project to connect them to the EMCS.

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Is the drawings that were furnished at the site visit the only drawings available with detail descriptions?

Yes.

Are we going to be required to conduct customer service inside structures or housing?

The contract is for utilities outside the buildings and housing units. New owner may be required to enter a facility to gain access to a meter or an electrical transformer. See Points of Demarcation in the Section J Attachments.

Do you have a current contract to provide customer service and turn on?

The Housing Units are maintained currently by Johnson Controls. There are no service contracts for facilities on base.

So that the beginning and end of the line replacement projects can be more nearly determined for each of the Water System Deficiency projects identified in J25.11 and listed below, please provide specific location details (such as address, building number or street intersection) or show by marking on a map.

- A. Replacement of mains along Ream Ave., Skaggs Ave., and 2nd Street.
- B. Replacement of water mains along Hart Street and Moates Ave.
- C. Replacement of water mains along Ave. F.
- D. Replacement of water mains along servicing hangars 1020, 1040, 1060, 1080, and 1090.

So that the beginning and end of the line replacement projects can be more nearly determined for each of the Wastewater System Deficiency projects identified in J26.11 and listed below, please provide specific location details (such as address, building number or street intersection) or show by marking on a map.

- A. Replace sewer mains along Ave. J from 10th for 1st St.
- B. Replace sewer mains and manholes between 22nd and 23rd Streets.
- C. Replace sewer mains between 5th and 6th Streets, from Ave E and Ave K

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Because we were shown the facilities, it is assumed that the treated effluent lift station and force main to the golf course will be included in this contract. The lift station is not included in Table 1 of J25.2.1.2 or J26.2.1.2 Inventory as found on the web site. Is the force main location shown on the water or wastewater system maps? At what location will the contractor's responsibility for this line stop?

The inventory of the non-potable water should include a lift station, as shown during the site visit. The non-potable water line is shown in the water system maps. The ownership is from the lift station to the golf course holding pond.

What is the more nearly correct number of manholes, 725 as reported in the handout of 09/25/00, or 1305 shown in J26.2.1.2 Inventory (as amended 07/24/00)?

725 is the more nearly correct number of manholes.

We were unable to locate many manholes, primarily in the residential areas. Is it because they are covered by paving or topsoil? Are there any other maps of the wastewater collection system available other than the map in the technical room?

Without knowing what manholes you were looking for, it is difficult to determine. The manholes in the housing areas are located in the back yards, common areas and sometimes in the side yard. These manholes are flushed and inspected yearly.

Do the water system operators, or City of Wichita Falls, take bacteriological samples within the base? If so, does a sample siting plan exist, and can it be made available? Are chlorine residuals taken within the base on a regular basis?

The base system operators do not take such samples. Chlorine residuals are sampled daily. Results are provided. Copies of this year's results will be Faxed to DESC. If desired, contact the City of Wichita Falls for further information.

It has been indicated that the SCADA system for monitoring operation of the storage tanks and pump station will not be transferred. Who will retain ownership and for what purpose will it be used? Are any of the controls, chart recorders, or other items shown during the inspection on Monday, September 25, part of the system that will not be transferred?

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The base intends to retain the monitoring equipment at the water plant as well as the electrical substation. The Energy Monitoring and Control System on base will continue to monitor the water levels in the water storage tanks and the consumption and demand from the pulse meters at the electrical substation. The base will maintain and operate the system.

We are concerned with the new pricing requirement, including how Schedule B-2 and the supplemental schedules L-1, L-2, and L-3 will be evaluated by the Government. As we understand, from our reading of Sections B, L.9, and M.4.6, in the evaluation of the price proposals, the total of all costs, including the Operations and Maintenance Charge, the Renewals and Replacements, Capital Upgrades, and Recoverable Portion of Purchase Price, less the Monthly Credit as Payment for Purchase Price, will be incorporated into the present value analysis, more or less as shown in Table J40-2, included on page 14 of Amendment 7. While we do not take exception to the calculation methodology, with respect to the Renewals and Replacements portion of the amount on line Sub-CLIN AB, as developed on Schedule L-2, and summarized on line 2 of Schedule L-1, it is clearly evident that each offeror will propose a different and likely substantially different schedule of replacements and renewals, resulting in vastly different values on line 2 of Schedule L-1. If the Government were to prescribe the schedule of renewals and replacements and each offeror then priced the renewals and replacements and applied its interest rates, then the amount on line 2 of Schedule L-1 would be meaningful and would represent a consistent amount from all bidders. However, if the Government does not require offerors to make the replacements in accordance with the Schedule L-2 it submits as part of its proposal, or does not require a successful bidder to adjust the Sub-CLIN AB amount if the renewals and replacement are not made in accordance with Schedule L-2, contractors could take advantage of the pricing to increase profits while delaying replacements and renewals. Furthermore, if offerors are not required to adhere to the pricing of replacements and renewals outlined in Schedule L-2, the contractor could take advantage of the Government.

In compliance with the requirements of the solicitation, each prospective offer must submit Schedules B-2, L-1, L-2 and L-3. Schedule L-1 provides a breakout of the Fixed Monthly Charge, which is inclusive of the O&M and Renewals and Replacements cost. Schedule L-2 is a 50 year schedule for renewals and replacements. These schedules will become part of the utility service contract at time of award. If the contractor were not maintaining the system at an acceptable level, the government would withhold payment and seek further remedy if necessary under the provisions of the contract.

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It is also evident that offerors will propose differing plans of "Initial Capital Upgrades." Differences may include the projects, the estimated costs, interest rates, and amortization periods. Only if the Government prescribes the specific capital upgrades and requires offerors to abide by such plan, in all respects, could this be meaningfully compared for all offerors. This then carries over and likewise affects the amounts shown in column 7 of Table J40-2. The question here, then, is how does the Government intend to fairly evaluate the various offers when each offeror is likely to propose a differing plan of initial capital upgrades, differing amortization periods, etc., and how does the Government intend to protect itself in the event an offeror manipulates the numbers to produce an artificially low price on Schedule B-2, and schedules L-3 and Table J40-2? Granted, the deficiencies listed in the System Descriptions may be of some help, but no indication is provided as to when capital upgrades would be expected to be initiated or completed. In fact, the reviews of the various utility systems by our clients has revealed the need for possibly substantial capital upgrades over a period of time, when in fact the deficiencies included in the System Descriptions, as part of the RFP, appear to greatly minimize the deficiencies of the systems.

The solicitation requires (C.11.2.2.1) each prospective offeror to prepare and submit an initial Capital Upgrades Plan. The Submitted Plan will be evaluated under the Mission Capability factor, subfactor 3. The Government does allow Offeror(s) the ability to propose different estimated costs, interests rates, and amortization schedules.

The rational for this is based on the unique differences of each of the Offeror(s). Many Offeror(s) have different "cost of money", "financing options", "cost of service", financial history, experience, etc. Each offeror's proposal will be evaluated against the same criteria and the Government will determine which offer represents "Best Value".

We view both of the above described issues, the inconsistency in the renewals and replacements and initial capital upgrades schedules offered by the various offerors, and the accountability with respect to the offer submitted, as serious flaws that 1) invite manipulation by offerors to minimize the amount on Sub-CLIN AB on Schedule B-2, and 2) encourage offerors to manipulate and/or minimize the schedule of initial capital upgrades. How, then, does the Government intend to insure a fair and consistent comparison of the price proposals of offerors, particularly line Sub-CLIN AB, on Schedule B-2, and the initial capital upgrades, given the above described flaws?

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The solicitation is structured in such a way as to allow for Full and Open Competition among the many different types of utility providers who will be submitting offers. The Government expects the new owner to adhere to all schedules that are submitted by the Offeror(s) and to maintain long-term reliable operation of the utility system. The Government does not feel that the Offeror(s) will be afforded any opportunity to manipulate the data or somehow defraud the Government. Again, the Government can seek remedy under the control for any service failures.

Define Funds from Operation (FFO) to Interest Ratio, Funds from Operation (FFO) to Total Debt Percentage. Specifically is "funds from operations" the same as operating revenues or is it something else?

Funds from Operation (FFO) is a measure of cash flow to interest expense requirements.

Define Disaster Recovery Ratio

Entities may be required to restore utility systems following a disaster. The disaster recovery ratio is a measure of the current maximum expected cost of system restoration to the capital investment capacity of an offeror.