

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE K		PAGE 1 OF 10	
2. AMENDMENT/MODIFICATION NO. 0001		3. EFFECTIVE DATE SEE BLOCK 16C		4. REQUISITION/PURCHASE REQ. NO. SCO600-01-0241	
5. PROJECT NO. (If applicable)		6. ISSUED BY CODE SCO600		7. ADMINISTERED BY (If other than Item 6) CODE SCO600	
DEFENSE ENERGY SUPPORT CENTER 8725 JOHN J. KINGMAN ROAD, SUITE 4950 FORT BELVOIR, VA 22060-6222 BUYER/SYMBOL – Terri Workman DESC-EPP PHONE - (703) 767-8130 FAX 703-767-8757 <a href="mailto:tworkman@desc.dla.mil">tworkman@desc.dla.mil</a> P.P. : 8.2					
8. NAME AND ADDRESS OF CONTRACTOR (NO., street, city, county, State, and ZIP Code)			9a. AMENDMENT OF SOLICITATION NO. SP0600-01-R-0067		
			9b. DATED (SEE ITEM 11) September 28, 2001		
			10a. MODIFICATION OF CONTRACT/ORDER NO.		
			10b. DATED (SEE ITEM 13)		
BIDDER CODE: CAGE CODE:					
<b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>					
<p><input checked="" type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input checked="" type="checkbox"/> is not extended.</p> <p>Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning ___1___ copy of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers.</p> <p><b>FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER.</b> If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.</p>					
<b>12. ACCOUNTING AND APPROPRIATION DATA (If required)</b>					
<b>13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.</b>					
A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.					
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)					
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:					
D. OTHER (Specify type of modification and authority)					
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.					
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)					
See the following pages.					
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.					
15A. NAME AND TITLE OF SIGNER (Type or print)			16A. NAME OF CONTRACTING OFFICER ANWAR ALI		
15B. NAME OF CONTRACTOR/OFFEROR BY _____ (Signature of person authorized to sign)		15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY <u>Anwar Ali</u> (Signature of Contracting Officer)		16C. DATE SIGNED January 25, 2002

The purpose of this amendment is to address questions proposed by a prospective offeror, questions and responses from the Preproposal Conference, to change the Contracting Officer from Betty Hoapili to James C. Cotton, III and also to incorporate other changes.

Section K, Clause 52.219-1.II(a)(1) delete

(a)(1) The North American Industry Classification System (NAICS) code for this acquisition is 221320 Sewerage Systems.

(2) The small business size standard is \$5.0 Million.

and replace with

(a)(1) The North American Industry Classification System (NAICS) code for this acquisition is 221122 (Electric Services), 221210 (Natural Gas Distribution), 221310 (Water Supply), and 221320 (Sewerage Systems).

(2) The small business size standard is 4 Million Megawatt Hours for Electrical Services, 500 employees for Natural Gas Distribution, \$5.0 million for Water Supply, and \$5.0 million for Sewerage Systems.

Section L.5 Proposal Preparation Instruction Volume II Past Performance:

Add the following to the end of the first paragraph in Section L.5 in accordance with L.3.4 Past Performance Information shall be submitted on a CD. Reference Section L.3.4 Electronic Media of the RFP.

Section L.4.5 Subfactor 5: Financial Strength **delete in its entirety both paragraphs** and replace with:

**L.4.5 Subfactor 5: Financial Strength**

Offeror shall submit documentation of financial capabilities IAW Provision M.3, *Evaluation Factors and Subfactors*. Financial capability shall demonstrate that the Offeror is in sound financial condition and has the ability to secure the necessary financing to meet the financial and capital requirements of the utility system both now and in the future. Offerors shall describe in detail their capability to finance the utility system purchase price, CIAC tax payment and capitalization principal, renewals and replacements, and upgrades. At a minimum, the Offeror shall submit the following criteria for the past five years; Interest Coverage, Funds from Operation (FFO) to Interest Ratio, FFO to Total Debt Percentage, Total Debt to Total Capital Ratio (Debt Ratio), and Disaster Recovery Ratio (DRR), in order to accurately characterize the Offeror's financial condition. Failure to supply this information is sufficient to disqualify a proposal from further consideration.

### Financial Strength Ratio Table

Ratio	Year X	Year X-1	Year X-2	Year X-3	Year X-4
1. Interest Coverage					
2. Funds from Operation (FFO) to Interest Ratio					
3. FFO to Total Debt Percentage					
4. Total Debt to Total Capital Ratio					
5. Disaster Recovery Ratio (DRR)					

Questions proposed by a prospective Offeror are as follows:

Section	Question	Response
DD Form 1707	When will the pre-proposal conference be held?	December 13, 2001 @ 1:00pm
C.3.3	Will the Government add the cost for additional meters to its "should cost" as a needed even without privatizing?	The offerors proposal shall reflect all costs necessary for his ownership, operation, and maintenance of the utility systems, including any additional meters identified in the Section J's. All cost comparisons will reflect appropriate requirements.
C.5.1.6	Will pre-existing abandoned pipe remain the responsibility of the Government?	Pre-existing abandoned pipe will not be the responsibility of the new owner.
C.5.2.3	What restricted areas exist requiring unescorted entry by water and wastewater personnel? What cost will the contractor bear for NAC investigations and security clearances?	None
L.2.1.4	Will the site visit be the only opportunity to conduct due diligence prior to contract award or will another opportunity be provided, perhaps to the best value offeror?	Proposal price shall be based on conditions observed during site visit.
L.2.1.4	Will Government engineering and operations personnel be available during the site visit to answer specific questions relative to the condition of the systems?	Yes.
L.2.1.5	Will engineering drawings and studies, and operations records (test results, reports, etc.) be available for review at the Technical Library?	System related information will be provided for review.

C.10.1	Has the transfer of the utility systems been coordinated with the appropriate state regulatory agencies?	The government owned systems are not subject to state regulation. Any coordination required subsequent to privatization is the responsibility of the new owner.
C.11.2.4	Inadequate information has been provided to develop the Initial Capital Upgrade and Renewals and Replacements Plan to the level of detail requested. Please provide system maps, current engineering studies, and allow several days on-site for development of this information.	All available information will be provided as part of the Technical Library.
C.11.2.5	If the Government retains ownership of the utility systems rather than privatizing them, will it possibly not upgrade the utility systems to meet legally applicable regulatory requirements?	The goal is to privatize the systems.
H.6	Are flight operations conducted at Fort Rucker?	Yes
H.9.1	If capital upgrades are not competitively bid and thus are, in essence, negotiated procurements, how will the recovery of interest be handled? FAR 15.403-1 requires cost and pricing data be provided by the contractor unless exceptions apply, such as adequate competition exists. A clear statement in the RFP that, notwithstanding FAR Part 31 and any references thereto in the Solicitation, the costs of financing are allowable, may be sufficient. A waiver to the FAR Part 31 prohibition of recovering interest is also possible.	The price of each initial capital upgrade is <b>Fixed</b> and is not subject to renegotiation under Clause I.7.1. The price for each upgrade will be amortized at the term proposed by the offeror in Schedule L-3 of the Price Proposal. With every monthly invoice that includes a request for payment for a capital upgrade identified in Schedule L-3, the Contractor shall submit an amortization schedule. The amortization schedule shall specify for each upgrade the additional monthly payment to be included in the Fixed Monthly Charge, the number of the payment (of the total payments required). The initial Price Redetermination will be handled every 3 years thereafter, at the time of negotiations.
H.9.1	At what point must the price for each capital upgrade be fixed? Some level of preliminary design is required in order to develop a firm-fixed price for construction of capital upgrades.	The cost of Capital Upgrades are part of the proposal, and as such must be fixed at the time of the proposal submission.
H.9.1	How is design and engineering for capital upgrades to be recovered by the contractor?	As part of the capital upgrade cost.

J03.9 and J04.10	Specific Transition Requirements: What latitude does the contractor have to propose alternative solutions to the listed "required" improvement projects?	In general, if a project is identified as an "improvement" project, it is intended to rectify a known deficiency. It is an offerors responsibility to own, operate, and maintain (and therefore propose) utility systems that in all respects complies with all Federal, State, and Local codes and requirements, and provides adequate, safe and reliable service to the installation. Within those guidelines there is considerable latitude.
J03.10	Please clarify the water system demarcation: Does the 5 foot line demarcation apply even if meters, valves, backflow preventers, etc. exist within 10 or 20 feet of the structure? Are secondary meters transferred to the contractor outside the 5 foot line?	It is the government's intent to get out of the "exterior utility system" business. Therefore, we wish to divorce ourselves of any and all possible utility lines, meters, etc. external to the building. The 5 foot line has been selected as an acceptable demarcation point, but in general, the government has no objection if the non-government ownership and responsibility continues up to the facility exterior wall. Unless specifically excluded, any meters, valves, etc. external to the building are transferred to and become the responsibility of the new owner.
J03.10	Understanding that new water meters required by J03.4.2 will be owned by the contractor, are these to be installed outside the 5 foot line?	See above
J03.10.1	Please clarify the demarcation points for irrigation systems, wash racks, water fill stands, and other unique "structures".	At valve or 5' (not valve on lateral at main)
J04.2.1.2	Do any oil-water separators or grease traps exist at Fort Rucker? Who will have ownership of these devices? Where are they located and how do they affect the demarcation point at the 5 foot line (J04.11)?	Yes, government will retain ownership.
General	Is there an Environmental Baseline Survey for the water and wastewater systems, or will one be accomplished prior to contract award?	An EBS will be accomplished, as necessary, prior to award.

General	Please clarify the liability for existing environmental conditions.	Pre-existing environmental conditions identified during the EBS will not be the responsibility of the new owner.
General	Will the successful offeror be held responsible for any pre-existing conditions?	See above
General	Will the Government expressly state that it is assuming all responsibility and liability for pre-existing environmental conditions and for any claims of any kind and from any source that may arise out of such conditions?	See above
General	Please provide water and wastewater utility system maps.	They will be made available as part of the technical library.
General	Do all facilities meet current OSHA requirements? If a list of safety upgrades has been programmed please provide a copy.	Yes, annual inspections are conducted and deficiencies corrected. Will be available in Technical Library.
General	Does the wastewater treatment plant adequately meet the flow requirements under all conditions? If not please explain and indicate whether these circumstances have resulted in permit exceedences or violations.	Yes, however more intense monitoring is necessary during flood conditions.
General	What companies have exclusive easements/rights of way that will affect the current utility systems? Has the Army already obtained agreements for railroad crossings and similar easements with these companies and are these agreements transferable? Are copies of these agreements available for review?	Not aware of any.
General	Is there any cathodic protection on the water system? If so, what is the condition and extent of it?	Yes, on metal tanks, currently contractor maintained.
General	Based on the proposals received as a result of this solicitation, will the "should costs" be adjusted to reflect real industry standards for utility system operations, maintenance, replacement and renewals, such as environmental compliance costs, off-base easement costs, and costs for future regulatory and permit changes?	The offerors proposal must reflect all costs necessary for his ownership, operation, and maintenance of the utility systems
General	Will the Government be using the DoD Utility Privatization Economic Analysis Support Tool for the cost comparison? The website is <a href="http://www.acq.osd.mil/installation/utilities/uplinks/financialmodel.htm">http://www.acq.osd.mil/installation/utilities/uplinks/financialmodel.htm</a> .	In its final completed version, the DoD Economic Analysis tool, or another comparable version, will form the basis for comparison.
General	Are utility services currently in compliance with all federal, state and local laws, environmental, OSHA and applicable utility regulatory requirements? If not please identify any deviations.	This is something all offerors will have to determine to their own satisfaction

General	Will the Government be evaluating privatization costs on the basis of costs to the Government as a whole or on the basis of costs to the Department of the Army only? If the former, does the Department intend to remove Federal taxes from rates proposed by the taxpaying bidders in the evaluation of the life cycle cost of the bid against the status quo? If so, how does the Government intend to remove Federal Income taxes implicit in the contractor's proposal?	The issue of CIAC tax does not apply to water or wastewater systems.
General	Does the Government currently provide any utility services off-base, including treatment of off-base wastewater? If so please provide any associated contracts or agreements.	Only Cairns; Septic tanks everywhere else, except Shell and it is pumped to City of Enterprise.
General	Does the Army intend to enter into separate agreements with the New Owner to provide service to current and future non-government tenants, or does the Army contemplate that any such agreements would be between the New Owner and individual tenants?	No, there would be no new agreements. It will be taken up between the new owner and the army installation. Reference RFP Section C.13.2 Connections.
General	How are the costs of utility services currently collected from non-government tenants? How does the Army intend to collect these costs after privatization?	The new owner shall be responsible for all meter readings, as specified in the RFP.
General	What is the growth potential of the base?	No known substantial changes at this time, some local construction will requires new or changed services.
General	Will the Government "should cost" for O&M, as the basis of comparison with offerors, include all necessary labor for operators and maintainers? This should include work not currently being performed due to staff shortages. The "should cost" must also include all necessary equipment, materials, and service contract costs, as well as overhead and supervision costs, insurance, vehicles, tools and equipment, environmental permits & labor, supporting utility costs, etc.	The offerors proposal must reflect all costs necessary for his ownership, operation, and maintenance of the utility systems
General	Please identify the New Owner's liability for the water source and provide any details on water source quality, capacity and long term yield.	The new owner's liability ends at the point where his ownership of the system ends. He is responsible for maintaining the quality and quantity of water introduced into his system by others. The new owner shall be responsible for determining the water source quality, capacity and long term yield of the source being provided by others in relationship to his ability to maintain those qualities.

General	Please provide data on water quality including raw water quality, finished water quality, and water quality reports for the last 2 years.	Data not available
General	What is the Legislative Jurisdiction at Fort Rucker (exclusive, proprietary, or concurrent)?	Data not available
General	Is there an existing Industrial Pretreatment Program in place for either wastewater system? If so, please provide a copy of the program.	No
General	Please provide copies of wastewater laboratory test results for the past 12 months.	Available information will be provided as part of the Technical Library.
General	Please define the industrial processes and characterize the waste streams that discharge into the sanitary sewer system.	Available information will be provided as part of the Technical Library.
General	Please provide a copy of the water Consumer Confidence Report for the last year.	Available information will be provided as part of the Technical Library.
General	Please provide a copy of the Risk Management Plan for chlorine.	Available information will be provided as part of the Technical Library.
General	Please provide a copy of the Discharge Monitoring Reports for the Wastewater Treatment Plants for the last 2 years.	Available information will be provided as part of the Technical Library.
General	Please provide the history of main breaks per year for the last 3 years, including location.	Available information will be provided as part of the Technical Library.
General	Please provide the history of main line stoppages for the last 3 years, including location.	Available information will be provided as part of the Technical Library.
General	Please provide the history of sewer system overflows for the last 3 years, including location.	Available information will be provided as part of the Technical Library.
General	Is there any remote monitoring and/or control such as SCADA, of wastewater collection or pumping equipment, or water wells or pumping equipment?	Yes.
General	Please provide history of non-compliance and Notices of Violations for both the water and wastewater systems for the past 3 years.	Available information will be provided as part of the Technical Library.
General	How many staff, including management, are assigned to the water and wastewater systems?	Not available due to A76/IT.
General	What storage and operating area(s) in addition to the wastewater and water treatment plants have been identified for transfer to the successful offeror? Please provide floor plans of these facilities.	Available information will be provided as part of the Technical Library.
General	What are the Government's intentions with respect to processing the Contractor's personnel for security clearances? What specifically will be the Government's role? What responsibility and cost will the Contractor be expected to bear for obtaining individual security clearances?	The Government will pay for the clearances, if we are requesting them.

General	Please provide a list of current subcontracts in place to support the water and/or wastewater systems. For example, backflow preventer testing/repair/certification, laboratory services, sampling and analysis, grease removal, sewer line flushing and tv'ing.	Available information will be provided as part of the Technical Library.
General	Please identify the types and quantities of chemicals used in each treatment system.	Available information will be provided as part of the Technical Library.
General	Does Fort Rucker have a laboratory for the water and/or wastewater system? What tests/analyses are performed? What is outsourced? What lab is used for outsourced work?	Available information will be provided as part of the Technical Library.
General	Please identify any known deficiencies in the treatment and collection/distribution systems.	Available information will be provided as part of the Technical Library.

Questions and responses from Fort Rucker's Preproposal Conference on 13 Dec 01 were as follows:

1. **Will contractors be evaluators?** Contractors may serve as advisors but will not be voting members during evaluations.
2. **How will the Government treat proposals that contain "interest" (i.e.; is "interest" an allowable cost)?** See reply above, reference H.9.1.
3. **How is the Government going to deal with varying inventories reported by contractors?** When offeror discover items that should be added to or deleted from the current inventory, they should notify DESC and DESC will amend the inventory so all potential offerors are aware.
4. **What does the term "various" mean in reference to the Section J requirement to install new electrical meters on vending machines?** Fort Rucker personnel will define the number of meters required and DESC will update the Section J.
5. **Do any of the transformers contain PCBs?** No, all PCB transformers have been removed.
6. **Has an Environmental Baseline Survey been accomplished and, if so, will it be available in the Technical Library?** To Be Determined.
7. **Should FAR Clause 52.222-41 be added to the I-2 table?** DESC will add it to the list.
8. **Are there any manholes in the primary distribution system and, if so, should they be included in the inventory?** Yes, there are manholes in the primary distribution system; however, they were not included in the inventory.
9. **How accurate is the inventory?** We feel fairly confident with our inventory. If additional items are discovered during your site visits, please advise DESC and DESC will post them on the Web for all to see.
10. **How long did it take to do the inventory?** Approximately 1 month.
11. **Can we get electronic maps of the utility systems?** Electronic maps are limited; however, we will post the ones that are available on the Web.
12. **Does the 200 page limit on the Technical Volume of the proposal include attachments?** Attachments do not count against the 200 page limit.
13. **Should the CD submitted as part of the proposal include the Past Performance Volume?** Yes, we will amend the RFP to say so.
14. **On page 48 of the RFP, can you include the NAICS for electrical, natural gas, and water?** Yes, see Page 2 above.

15. **In the proposal, should the offeror provide a specific date for the “Start Date” or should it be indicated as “Award Date plus X days?”** It should be indicated as Award Date plus X days.
16. **Are the systems currently being maintained by the Government?** Yes; however, an A-76 contract outsourcing the post O&M function was recently awarded and will be in effect on 27 January 02. This A-76 contract includes the utility systems. If any or all of the utility systems are privatized, the scope of the A-76 contract will be reduced accordingly.
17. **Has there been any resolution to the problem evening the playing field between contractors that must pay taxes and those that don't?** To Be Determined.

All other Terms & Conditions shall remain unchanged and in full effect.