



**DESC**



# DEFENSE ENERGY SUPPORT CENTER Preproposal Conference



Fort Belvoir, Fort AP Hill,  
Fort Myer, Fort McNair

May 3, 2004



# Agenda



- Solicitation Conditions
- Review Solicitation
- Required Information/Submittals
- Milestones/Timelines
- Question and Answer Period
- Defense Energy Support Center POCs



# Purpose of the RFP



- **Sell System Infrastructure**
- **Acquire O&M Service Contract**
- **Will privatize if**
  - Long-term benefit exceeds long-term cost

## Notes:

1. **Purchase of the Commodity is not Included in the RFP**
2. **Selection of Contractor will be Based on Best-Value Determination**
3. **Government Reserves the Right Not to Award the Contract**



# Systems in the RFP



## Fort Belvoir, VA

- **Electric Distribution System**
- **Water Distribution System**
- **Wastewater Collection System**



# Systems in the RFP



## Fort AP Hill, VA

- **Water Distribution System**
- **Wastewater Collection System**



# Systems in the RFP



## Fort Myer, VA

- **Electric Distribution System**
- **Water Distribution System**
- **Wastewater Collection System**



# Systems in the RFP



## Fort McNair, DC

- **Electric Distribution System**
- **Water Distribution System**
- **Wastewater Collection System**



# Review Solicitation



## Section B – Supplies or Services and Prices/Costs

- **Bundling (B.4)**
  - Allowed but not required
  - If bundling is offered
    - Must provide a separate price schedule (B-1 or B-2, as applicable) for each contract line item
- **Service Charges (B.5.2 or B.6.2)**
  - Fixed Monthly Charge
  - Monthly Credit as Payment for Purchase Price
  - Monthly Credit as Payment for Delayed Response Times



# Review Solicitation



## Section B – Supplies or Services and Prices/Costs

- **Type of Contract – 4 options**
  - **Tariff**
  - **Firm Fixed Price**
  - **Fixed Price Economic Price Adjustment**
  - **Fixed Price - Redetermination**



# Type of Contract



## 1) Tariff Rate

- Regulated Utilities
  - **May Propose Tariff Pricing Instead**
  - **Tariff Must be Fully and Independently Regulated (a “state-wide” public utility regulatory authority with jurisdiction over the contractor)**
  - **Tariff Removes CAS Requirement**



# Type of Contract



## 2) Firm Fixed Price

- Fixed monthly charge over the 50 year period

## 3) Fixed Price Economic Price Adjustment

- A price escalator is given by offeror
- Online Location must be provided
- Must give adjustment methodology (whether adjusted annually or monthly)



# Type of Contract



## 4) Fixed Price Contract with Prospective Price Redetermination

- **Prices for Initial Capital Upgrades Remain Fixed Throughout the Contract**
- **Prices for Operations & Maintenance (O&M) and Renewals & Replacements (R&R) Remain Fixed for the First Two Years of Contract**
- **Prices for O&M and R&R may be Renegotiated After Two Years and Every Three Years Thereafter**



# Bundling



- **Definition: Making the Award of One Utility System Contingent Upon the Award of Another**
  - **To Gain Economies of Scale, Offeror May Choose to Bundle Multiple Utility Systems**
  - **If a Bundled Offer is Submitted, Separate Price Schedules (B-2, Schedule 1, Schedule 2, and Schedule 3) are Still Required for Each Utility System**
  - **In a Bundled Offer, If the Privatization of Any Single System is not Cost Effective, the Entire Bundle will not be Considered for Award**



# Review Solicitation



## Section C – Description/Specifications/Work Statement

- **Contains general requirements applicable to all locations (C.3)**
- **Commodity is not included**
- **Performance Standards (C.3.2) – required to adhere at a minimum, to specified industry standards**



# Review Solicitation



## Section C – Description/Specifications/Work Statement

- **Response to Service Interruptions and Contingencies (C.7)**
  - Procedures and provisions for handling service Interruptions in Service Interruption/Contingency Plan
- **Coordination of Work (C.9)(Specific details in Section J's)**
  - Types of Service Requests
    - Emergency Service Request (e.g.)
      - Available to respond 24 hours a day
        - Within 15 minutes during business hours
        - Within 1 hour after business hours



# Review Solicitation



## Section C – Description/Specifications/Statement of Work

### •Environmental Compliance (C.10)

- Comply with applicable environmental laws and regulations
- Accept Installation's spill response procedures, or propose alternative procedures for Government acceptance



# Technical Overview of the RFP



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## Section C – Description/Specifications/Statement of Work

- **Upgrades and Renewals and Replacements (C.11)**
  - **Initial Capital Upgrades Submitted in Proposal**
  - **Future Capital Upgrades Submitted Under Annual Capital Upgrades and Renewals and Replacements Plan (Years 1 – 5)**
    - **Government does not approve/disapprove proposed upgrades**
    - **Reimbursement of future upgrades (other than those required to meet regulatory requirements) is at the discretion of the Government**



# Review Solicitation



## Section C – Description/Specifications/Statement of Work

- **Operations and Maintenance (C.12)(L.4.2)**
  - **Establish and adhere to a Quality Management Plan to ensure safe and reliable operation of the system(s)**
  - **Consistent with all applicable laws/regulations and requirements of utility-specific attachments (Section J's)**



# Review Solicitation



## Section C – Description/Specifications/Statement of Work

- **Operational Transition Plan (C.13)(L.4.4)**
  - **Describes plan for transfer of the utility system**
  - **Ensures continuous service from the Government to new owner**
  - **Contractor proposes performance start date**
  - **Includes detailed joint inventory of facilities, personal property, manuals and records**



# Review Solicitation



## Section E, F, G, and H – Solicitation Provisions/Clauses

- **Section E – Inspection and Acceptance (Inspection of Svc Clause)**
- **Section F – Deliveries or Performance**
  - **Utilities Service Contract Term – 50 years**
- **Section G – Contract Administration Data**
  - **Contracting Officer's Representative**
  - **Submission and Payment of Invoices**
  - **Accounting Procedures**
    - **The Contractor shall maintain a system of accounts acceptable to the Government as necessary**



# Review Solicitation



## Section E, F, G, and H – Solicitation Provisions/Clauses

### Con't

- **Section H – Special Contract Provisions**
  - **Insurance Requirements (Specified in the RFP, H.2.2)**
  - **Hazardous Substances (H.7)**
    - **KTR must comply w/all applicable laws and regulations.**
- **Other Special Requirements**
  - **Accounting for Capital Upgrades/Purchase Price**



# Review Solicitation



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## Section I and J – Solicitation Provisions/Clauses/Attachments

- **Section I – Contract Clauses Incorporated by Reference and in full text**
  - Federal Acquisition Regulation (FAR)
  - Defense FAR Supplement (DFARS)
  - Clauses for regulated entities (I.4)
  - Clauses for non-regulated entities (I.5)
- **Section J – Base-Specific Utility-Specific Attachments**
  - Base Distribution System Description
  - Specific Service Requirements
  - Secondary Metering – existing and future



# Review Solicitation



## Section J and K – Solicitation Provisions/Clauses

- **Section J – (continued)**

- **Submittals**
- **Service Area and Off Installation Sites**
- **Transition Requirements**
- **Government Recognized Deficiencies (issues above are addressed in the Utility Specific Section J's)**

- **Section K – Representations, Certifications & Other Statements of Offerors**

- **Fill-ins must be completed and provided along with offer**



# Review Solicitation



## Section L – Instructions, Conditions, and Notices to Offerors

- **Site Visits and Technical Library (L.2.1.5 and L.2.1.6)**
  - **Site Visits:**
    - **Following industry preproposal conferences**
  - **Technical Library**
- **Proposal Preparation Instructions (L.3)**
  - **Volumes must be separated**
    - **Technical – 200 pages per system**
    - **Past Performance – 40 pages**
    - **Contract Documentation (including any exception to terms and conditions)**
    - **Price Proposal**



# Review Solicitation



## Section M – Evaluation Factors for Award

- **Explains how offers will be evaluated (M.3)**
  - **Factor 1: Technical Capability**
    - **Subfactor 1: Service Interruption/Contingency Plan**
    - **Subfactor 2: Operations and Maintenance Plan and Quality Management Plan**
    - **Subfactor 3: Capital Upgrades and Renewals and Replacements Plan**
    - **Subfactor 4: Operational Transition Plan**
    - **Subfactor 5: Financial Strength**



# Review Solicitation



## Section M – Evaluation Factors for Award Con't

- **Evaluation Factors cont (M.3)**
  - **Factor 2: Past Performance**
  - **Factor 3: Risk**
    - **Subfactor 1: Performance**
    - **Subfactor 2: Assurance of Long-term Price and Service Stability**
    - **Subfactor 3: Price Realism**
  - **Factor 4: Socioeconomic Plan**
  - **Factor 5: Price**
- **Objective is to select the proposal that represents the Best Value**



# Required Information/Submittals



- **Past Performance References – due when proposal is submitted**
- **Proposal – due August 26, 2004 (1 original, 1 copy and 2 CD's)**
  - **Technical**
  - **Past Performance Information**
  - **Contract Documentation**
  - **Price Proposal**



# Required Information/Submittals



- **Technical Proposal (L.4)**
  - **Service Interruptions/Contingency Plan**
  - **Operations and Maintenance Plan and Quality Management Plan**
  - **Capital Upgrades and Renewals and Replacement Plan**
  - **Operational Transition Plan**
  - **Financial Strength**



# Required Information/Submittals



- **Contract Documentation**
  - **SF 33 – Fill-in and sign**
  - **Section K (Representations and Certifications)**
  - **Exceptions to Terms and Conditions**
  - **Subcontracting Plan – large business only**
  - **Socioeconomic Plan – all businesses**



# The Submittal



- **Four Volumes**
  - **Technical.....Limited to 200 Pages**
  - **Price.....No Limit**
  - **Past Performance.....Limited to 40 Pages**
  - **Socioeconomic.....No Limit**
  - **All Volumes – Provide One Hardcopy**
  - **Provide 1 original, 1 copy and 2 CDRoms with Technical, Past Performance, Socioeconomic & Price on each**

**Note: For Hardcopy...Provide a Separate Binder for Each Volume for Each Utility System; For CD copy...Each Volume must be separate file.**



# The Four Volumes - Technical -



- **Technical**
  - **Service Interruption/Contingency Plan**
  - **Quality Management Plan**
  - **Capital Upgrades & Renewals & Replacements Plan**
  - **Operational Transition Plan**



# The Four Volumes - Technical -



- **Service Interruptions/Contingency Plan**
  - **Purpose: To Address Your Capability to Respond to Outages and to Emergency, Urgent, & Routine Service Calls**
  - **Common Proposal Shortfalls**
    - **Not Indicating if You will Comply with Emergency, Urgent, & Routine Response/Completion Times**
    - **Not Indicating if You will Comply with the Installation's Excavation Permit Process**
    - **Not Indicating if You will Allow the Installation to Reschedule Routine Outages if They Adversely Affect Mission/Operations**

**Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan.**



# The Four Volumes - Technical -



- **Quality Management Plan**

- **Purpose: To Identify Your Performance Standards and O&M Policies & Procedures**
- **Common Proposal Shortfalls**
  - **Not Addressing Performance Standards for Each Line Item in Table L-1**
  - **Not Addressing the Procedures You Use (Tests, Inspections, etc) to Ensure Compliance with the Performance Standards for Each Line Item in Table L-1**
  - **Not Addressing the Metrics You Use to Monitor the Success of Your Procedures**
  - **Providing Qualifications of the Incumbent Staff Rather Than Qualifications of the Positions They Fill**

**Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan, however, one or the other must be submitted.**



# The Four Volumes - Technical -



- Capital Upgrades & Renewals & Replacements Plan
  - Purpose: To Identify the Capital Upgrades & Renewals & Replacements You Intend to Accomplish
  - Common Proposal Shortfalls
    - **Not Providing an Initial 5-Year Plan**
    - **Not Addressing the Installation's List of Improvements (RFP Section J Attachments) in Your 5-Year Plan**
    - **Not Providing a Year-by-Year, 50-Year Plan for Renewals & Replacements**

**Note: Regulated Utilities are not required to submit 50-year plan for R&R.**



# The Four Volumes - Technical -



- Operational Transition Plan
  - **Purpose: To Show How You Will Provide a “Seamless” Transition from Gov’t to Contractor Operations**
  - **Common Proposal Shortfalls**
    - **Not Identifying the Person(s) Authorized to Sign for the Transfer of Inventory**
    - **Not Indicating if Joint Maintenance Operations are Desired and, if so, When They will Occur**
    - **Not Stating When the Requested New Meters will be Installed**
    - **Not Indicating When the Initial, Joint Meter Readings will take Place**

**Note: Transition plan must be submitted by Regulated & Non-Regulated Utilities**



# The Four Volumes - Price -



- Schedule B-1
  - **Purpose: To Indicate Applicable Tariff, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades/Connection Charges, and Recoverable Portion of Purchase Price.**
  - **Common Proposal Shortfalls**
    - **Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.**

**Note: Schedule B-1 is for use by Regulated Utilities**



# The Four Volumes - Price -

## Schedule B-1



- **Applicable Tariff(See B.5.1)**
- **Monthly Credit as Payment for Purchase Price(see B.5.2)**
  - \$\_\_\_\_\_ Monthly Credit
  - \_\_\_\_\_ # months
  - \_\_\_\_\_ Interest Rate
- **Initial Capital Upgrades/Connection Charges**
  - See B.5.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.5.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



# The Four Volumes - Price -



- Schedule B-2, B-3, and B-4
  - **Purpose: To Indicate Fixed Monthly Charge, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades, and Recoverable Portion of Purchase Price**
  - **Common Proposal Shortfalls**
    - **Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.**

**Note: Schedule B-2 is for use by Non-Regulated Utilities**



# The Four Volumes - Price -



## Schedule B-2 Firm Fixed Price Proposal

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
  - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement.*
  - Fixed Term (Months): \_\_\_\_\_
- **Monthly Credit as Payment for Purchase Price(see B.6.2)**
  - \$\_\_\_\_\_ Monthly Credit
  - \_\_\_\_\_ # months
  - \_\_\_\_\_ Interest Rate



# The Four Volumes - Price -



## Schedule B-2 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.5.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.5.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



# The Four Volumes - Price -



## Schedule B-3 Fixed-Price Economic Price Adjustment Proposal

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
  - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.
  - **INDEX FOR ESCALATION (Year 1 THROUGH Year N)**  
*Internet Location of Index* \_\_\_\_\_ (*KTR fill in*)  
*Adjustment Methodology (e.g. Annual or Monthly)* \_\_\_\_\_
- **Monthly Credit as Payment for Purchase Price(see B.6.2)**  
\$ \_\_\_\_\_ Monthly Credit  
\_\_\_\_\_ # months  
\_\_\_\_\_ Interest Rate



# The Four Volumes - Price -



## Schedule B-3 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



# The Four Volumes - Price -



## Schedule B-3 Fixed-Price with Prospective Price Redetermination

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
  - The contractor shall provide utility service in accordance with **Section C, *Descriptions, Specifications, and Work Statement.***
- **Monthly Credit as Payment for Purchase Price(see B.6.2)**

\$\_\_\_\_\_ Monthly Credit

\_\_\_\_\_ # months

\_\_\_\_\_ Interest Rate



# The Four Volumes - Price -



## Schedule B-3 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



# The Four Volumes

## - Price -



- Schedule 1(B.7.2)
  - **Purpose: To Indicate the Monthly Charge for O&M and R&R**
  - **Common Proposal Shortfalls (For Non-Regulated)**
    - **Not Indicating Exactly How You Computed Your O&M Costs (Manpower, Materials, Transportation, Supplies, Etc)**
    - **Not Explaining (Mathematically) How You Converted Your O&M Costs to a Monthly O&M Charge**
    - **Not Explaining (Mathematically) How You Used the Price Data Shown in Schedule L-2 to Derive Your Monthly Charge for R&R**

**Note: Schedule 1 must be submitted by Regulated & Non-Regulated Utilities**



# The Four Volumes - Price -



## Schedule 1 (B.7.2) Calculation of Fixed Monthly Charge

Component	Monthly Charge	Annual Charge
1. Operations and Maintenance (O&M)		
2. Renewals and Replacements (R&R)		
<b>Total Fixed Monthly Charge (to be entered in Sub-CLIN AA for schedules B-2, B-3, B-4)</b>		



# The Four Volumes - Price -



- Schedule 2 (B.7.3)
  - Purpose: To Indicate Price & Description of R&R for Each of the 50 Years of the Contract .
  - Common Proposal Shortfalls
    - Not Providing a Description of the R&R for Each of the Years of the Contract addressed above
    - Not Providing a Price for the R&R for Each of the Years of the Contract addressed above

Note: Regulated utilities are not required to submit a Schedule 2



# The Four Volumes - Price -



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## Schedule 2 (B.7.3) R&R Schedule

**NOTE: Offerors shall list each project individually by year**

Year	Dollar Amount	Description of Renewal and Replacement
200X		
200X+1		
200X+2		
200X+50		



# The Four Volumes

## - Price -



- **Schedule 3 (B.7.4)**
  - **Purpose: To Indicate Prices for Initial Capital Upgrades**
  - **Common Proposal Shortfalls**
    - **The List of Proposed Initial Capital Upgrades Shown in Technical Volume does not Match the List of Proposed Initial Capital Upgrades in Schedule 3.**
    - **Not Including the Improvement Projects (Recommended by the Installation in RFP Section J Attachments) that You Intend to Accomplish**
    - **Not Realizing Monthly Payments for a Specific Project will not Begin Until Construction of that Specific Project is Complete**

**Note: Schedule 3 must be submitted by Regulated & Non-Regulated Utilities**



# Defense Energy Support Center POCs



## Fort AP Hill

- **Contracting Officer**
  - David Nemerow, (703) 767-9404,  
david.nemerow@dla.mil
- **Contract Specialist**
  - Douglas Smith, (703) 767-9409,  
douglas.g.smith@dla.mil
- **Technical Lead**
  - Daniel McLaughlin, (703) 767-2383  
daniel.mclaughlin@dla.mil



# Defense Energy Support Center POCs



## Fort Belvoir

- **Contracting Officer**
  - Kerrie Chambers, (703) 767-8567,  
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- **Contract Specialist**
  - Megan Oz, (703) 767-9411,  
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- **Technical Lead**
  - Daniel McLaughlin, (703) 767-2383  
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# Defense Energy Support Center POCs



## Forts Myer & McNair

- **Contracting Officer**
  - Kerrie Chambers, (703) 767-8567,  
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- **Contract Specialist**
  - Megan Oz, (703) 767-9411,  
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- **Technical Lead**
  - Daniel McLaughlin, (703) 767-2383  
daniel.mclaughlin@dla.mil



# Defense Energy Support Center Preproposal Conference



# Questions and Answers



# Question and Answer Period



- Submit detailed questions regarding solicitation electronically in writing via MS Word, text or email (no pdf).
- DESC will disseminate all responses to questions via RFP Amendment.
- DESC will be the single point of contact regarding this solicitation. All questions should go through the Contracting Officer or the Contract Specialist.