

**CITY OF PHOENIX, ARIZONA
WATER SERVICES DEPARTMENT**

JANUARY 11, 2001

**LAKE PLEASANT WATER TREATMENT PLANT
DESIGN-BUILD-OPERATE PROJECT – WS85350004
REQUEST FOR QUALIFICATIONS**

ADDENDUM NO. 1

ATTENTION POTENTIAL RESPONDENTS

The following revisions to the above-referenced Request for Qualifications (RFQ), dated November 2000, shall become a part of the RFQ. This Addendum contains a cover page and nine pages of written text, 0 sketches and 0 drawings. Respondents shall acknowledge receipt of this Addendum No. 1 in the Transmittal Letter to their SOQ.

Note: Electronic RFQ forms (in Microsoft® Word and Microsoft® Excel format) have been added to the Project web site.

Assistant Water Services Director

Date

Notice is hereby given that the RFQ is revised as follows:

1. **Amend Section 1.1, “Project Overview” on page 1, by replacing the last sentence of the first paragraph with the following:**

The City intends to separately procure a firm or firms to design and build the portion of the finished water transmission line and sanitary sewer located outside the limits of the Lake Pleasant WTP site.

2. **Amend Section 1.1, “Project Overview” on page 1, by replacing the last sentence of the second paragraph with the following:**

Other expected benefits include the full and appropriately-balanced integration of key design, construction, operations and QA/QC personnel in all aspects of the Project development.

3. **Amend Section 1.2.2, “Definition of Terms” on page 4, by replacing the last sentence in the definition of “Benchmark” with the following:**

The Benchmark will be more fully defined in the RFP and will be provided to Proposers as a background document thereto.

4. **Amend Section 1.2.2, “Definition of Terms” on page 4, by replacing the definition of “Facilities” with the following:**

A raw water intake on the Waddell Canal, a raw water pumping station, its raw water transmission line, and the Lake Pleasant Water Treatment Plant. The Facilities will include the portion of the finished water transmission line and sanitary sewer located on the Lake Pleasant WTP site.

5. **Amend Section 2.1, “Project Background” on page 8, by replacing the last two sentences of the fourth paragraph with the following:**

The City will evaluate its options under applicable law for implementing future modules (i.e., expansions) at the time of such expansions. The Service Agreement is expected to provide the City with maximum flexibility relative to its potential options for implementing the future expansions.

6. **Amend Section 2.1, “Project Background” on page 9, by replacing the third sentence of the fifth paragraph of the Section with the following:**

The Benchmark will be more fully defined in the RFP and will be provided to Proposers as a background document thereto.

7. **Amend Section 2.1, “Project Background” on page 9, by inserting the following text after the eighth sentence of the fifth paragraph of the Section:**

In addition, the Benchmark will be escalated to the timeframe applicable for the Project. The risk allocation which is the basis of the Benchmark is the standard risk allocation in the City’s enhanced DBB delivery method with City operation under its reengineered operations program.

8. **Amend Section 3.1, “Background and Project Need” on page 11, by inserting a new sentence after the fifth sentence of the second paragraph of the Section as follows:**

The Union Hills Water Treatment Plant upgrade and the Project are being treated by the City as two separate projects under the Enabling Law, and persons or firms participating in one project will be permitted to participate in the other project.

9. **Amend Section 3.2, “General Treatment Requirements” on page 13, by replacing the third bullet (“Provide uninterrupted...”) with the following bullet:**

- Provide uninterrupted water supply. (The Service Agreement is expected to include provisions for limited, uncontrollable circumstances that would allow for a reduction in the Lake Pleasant WTP production capacity, but not in finished water quality, including periods when raw water turbidity exceeds a threshold value.)

10. **Amend Section 3.2, “General Treatment Requirements” on page 13, by replacing the last two sentences of the last paragraph of the Section with the following:**

Although the City would like to see reductions in TDS for the Lake Pleasant WTP finished water, the City has not determined an economically-feasible method of materially reducing TDS and disposing of waste brine streams. Therefore, the City is not requiring TDS removal and has not included a TDS standard in the preliminary water quality performance guarantees. If a Proposer can provide some degree of TDS reduction or minimize the addition of TDS, it will be

considered positively, so long as its Proposal meets all other requirements of the RFP. The City, however, is not seeking Proposals which add technologies to significantly reduce TDS removal (e.g., reverse osmosis). The relative weight of TDS reduction in the Proposal evaluations will be included in the RFP Evaluation Criteria.

11. **Amend Section 3.3.2, “Permitting” on page 15, by inserting the following sentence at the end of the second paragraph of the Section:**

The RFP will describe City support to the Company related to the Company’s obligation to obtain governmental approvals for the Project.

12. **Amend Section 3.3.4, “Bench-Scale and Pilot-Scale Testing” on page 18, by deleting the last sentence of the Section.**

13. **Amend Section 3.3.6, “Archaeological Investigations” on page 19, by inserting the following sentence at the end of the last paragraph of the Section:**

Respondents are advised that subsequent to the issuance of this report, the State Historical Preservation Office has determined that additional study is required for portions of the raw water transmission line site and this additional study is ongoing.

14. **Amend the first paragraph of Section 3.5, “Overall Risk Posture” on pages 20-21, by replacing the last three sentences thereof with the following:**

In lieu of a risk matrix, the City is providing Respondents with a set of preliminary contract principles summarizing the City’s anticipated allocation of risk between the City and the Company under the Service Agreement. Respondents are advised that the preliminary contract principles, which are contained in Attachment C, should not be considered as all inclusive or definitive as to form or substance of the actual Service Agreement. The City reserves the right to amend, modify or delete any of the preliminary contract principles in the Service Agreement included in the RFP. **Potential Respondents are advised, however, that Proposers will not be permitted to take exception to the requirements of Sections 3.5.1, 3.5.2 and 3.5.3. Accordingly, only those Respondents that are capable of and willing to agree to such requirements should submit SOQs.**

Proposers will be afforded a full opportunity to provide detailed, written comments on all other aspects of the Service Agreement as part of their Preliminary Technical Proposal submittals.

The City will meet with each Proposer several times on an individual basis to discuss and clarify its comments on the Service Agreement during the Preliminary Technical Proposal clarification process. Based on its assessment of all Proposer comments, the City expects to clarify the Service Agreement and to reissue it to all Proposers prior to the Final Technical Proposal and Price Proposal submittals. The RFP will preclude a Proposer from taking exception to any provision in the clarified Service Agreement and each Proposer will be expected to base its pricing for the Project on the final risk allocation and other terms and conditions contained therein.

15. **Amend Section 3.5.1, “Guarantor” on page 21, by inserting the following sentence at the end of the first paragraph of the Section:**

The Selection Committee, as part of its financial evaluation of the Guarantor, will place emphasis on those criteria identified in Section 6.3 of this RFQ.

16. **Amend Section 3.5.3, “No Stated Dollar Limitation on Liability” on page 22, by deleting the last sentence.** [Note that this sentence has been moved to the first paragraph of Section 3.5.]

17. **Amend Section 3.7.2, “Minority- and Woman-Owned Business Enterprises (MBE and WBE) Utilization” on page 24, by adding the following sentence to the end of the third paragraph (after the two bullets):**

Respondents are advised that, pursuant to the City Code, credit towards these goals can be obtained through the purchase of construction material, equipment and supplies from certified MBE/WBE firms.

18. **Amend Section 3.7.2, “Minority- and Woman-Owned Business Enterprises (MBE and WBE) Utilization” on page 25, by adding a new sentence to the end of the sixth paragraph of the Section as follows:**

Respondents, however, are advised that only MBE/WBE participation in the construction portion of the Project will be counted towards the City’s MBE/WBE goals for the Project.

19. **Amend Section 4.4, “RFQ and Qualifications Submittal” on page 28, by deleting the last two sentences.**

20. **Amend Section 4.6, "RFP and Proposal Submittal" on page 29, by replacing the first paragraph with the following:**

In response to the RFP, Proposers will be required to submit a fully-developed Preliminary Technical Proposal that meets all requirements of the RFP including, at the option of the Proposer, written comments on the Service Agreement. The City will then undertake an extensive clarification process of each Proposer's Preliminary Technical Proposal and Service Agreement comments. A Proposer should expect that the clarification process will consist of a series of written requests, discussions and meetings to take place over several months. In order to protect the proprietary information and other ideas presented in the Preliminary Technical Proposals, no material deviations from the Preliminary Technical Proposals will be permitted by Proposers in their Final Technical Proposals (other than those material changes resulting from an RFP addendum). Any unauthorized material deviation contained in a Proposer's Final Technical Proposal will result in such Proposal being declared non-responsive.

21. **Amend Section 4.7, "Proposal Security Requirements" on page 29, by replacing the first word of the Section, i.e., the word "Each", with the following:**

As required by the Enabling Law, each

22. **Amend Section 4.10, "Procurement Schedule", on page 31, by replacing the word "Deadline" with the word "Date" for the April 16, 2007 activity listed in the table.**

23. **Amend Section 4.10, "Procurement Schedule", on page 31, by adding the following new paragraph at the end of the Section:**

The City has received a number of comments from potential Respondents indicating that a shorter overall procurement schedule would be preferred. After the shortlisting of Respondents, the City will solicit input from the Short-listed Respondents and work with them to optimize the schedule for the Proposal phase of the procurement while meeting the City's Project requirements for timing of Project funding for design and permitting activities (July 2003 through June 2004), Project funding of construction activities (July 2004 through April 2007) and Facility commencement of operations.

24. **Amend Section 4.12, “Expenses of the Respondents and Payment of an Honorarium” on page 32, by replacing the second paragraph of the Section with the following:**

Pursuant to ARS §34-603(F)(11), the City will pay an honorarium equal to two-tenths of one per cent of the Company's Fixed Design/Build Price relating to the design and construction of the Project to each Proposer who provides a responsive, but unsuccessful, Proposal. If the City does not award the Service Agreement following receipt of the Proposals, all responsive Proposers will receive an honorarium equal to two-tenths of one per cent of the City's budget for the design and construction of the Project (which amount will be prescribed in the RFP). Acceptance of the honorarium shall constitute a full, final and complete release of all rights, claims and demands of the Proposer against the City arising out of or pertaining to the Project.

25. **Amend Section 4.14, "Rights of the City" on page 34, by replacing item 6 with the following:**

6. Eliminate any Respondent which submits a nonconforming, nonresponsive, incomplete, inadequate or conditional SOQ.

26. **Amend Section 5.2, “Information Requirements of Qualifications Submittal” on page 35, by replacing the word “six” with the word “five” in the first sentence.**

27. **Amend Section 5.2, “Information Requirements of Qualifications Submittal” on page 35, by adding the following text to the end of item 5:**

Only 20 of the 30 copies of the SOQs are required to include Section 5 – Financial Qualifications.

28. **Amend Section 5.2, “Information Requirements of Qualifications Submittal” on page 35, by deleting item 6.**

29. **Amend Section 5.2.1, “Transmittal Letter” on page 36, by replacing the second sentence of the first paragraph of the Section with the following:**

By submitting an SOQ and executing the Transmittal Letter, the Respondent is indicating its good faith intention to submit a Proposal if short-listed by the City’s Selection Committee.

30. **Amend Section 5.2.1, “Transmittal Letter” on page 37, by inserting a new sentence after the first sentence of the fifth paragraph of the Section as follows:**

As provided by the Enabling Law, the Successful Proposer is not required to hold the appropriate certificates of registration or licenses so long as the persons or firms actually performing the design and construction services hold the appropriate certificates and license(s).

31. **Amend Section 5.2.3, “Technical Qualifications” (Item 1) on page 39, by deleting the last sentence of the second paragraph, i.e., the sentence beginning “The City has a preference...”.**

32. **Amend Section 5.2.3, “Technical Qualifications” (Item 1) on page 39, by replacing the third paragraph ,i.e., the paragraph beginning “Describe the Respondent’s. . .”, with the following:**

It is of utmost importance to the City that it selects a competent and compatible “business partner” for this long-term relationship. The City desires that this long-term business relationship be one of optimum mutual benefit to both parties and that it be conducted in a “team partnership environment”. Describe the Respondent’s plan for providing a team partnership environment on this Project. Each Respondent shall clearly describe the following:

- Its business philosophy, goals and objectives for the Project.
- Its strategy to achieve these goals and objectives for the Project and how will it measure its success.
- Its organizational structure and leadership; legal and operational relationships between Respondent member parties; specific individual roles in the team, specific responsibilities, authority and accountability associated with these roles; and how these team members will interact with each other and how they will interface with the City staff and other entities involved in the Project.
- Its systems to implement its philosophy, goals and objectives.

Describe how the Project Team and Approach proposed by the Respondent will avoid the following:

- Both duplication and discontinuity in leadership between project phases.
- Compartmentalization between design, construction and operations interests and efforts.
- Contractor or equipment supplier interests overriding engineering-based decisions.

33. **Amend Section 5.2.3, “Technical Qualifications” (Item 4) on page 41, by replacing the last sentence on the page with the following:**

Describe for team members any significant legal proceedings in the past ten years with (a) owners, subcontractors and employees in which the amount in dispute was in excess of \$250,000 or (b) where legal proceedings resulted from safety related issues.

34. **Amend Section 5.2.5.2, “Financial Information” on page 47, by adding the following text to the end of Item 1.**

The City will accept statements prepared in accordance with European GAAP; however, Respondents submitting reports that are not prepared in accordance with GAAP must provide a general description of the differences between the principals under which the reports have been prepared and GAAP. The City reserves the right to request additional financial information if necessary to make the appropriate comparisons.

35. **Amend Section 5.2.5.3, “Direct Financial Questions” on page 49, by adding a new Item 7 as follows:**

7. Other Project Guarantee Commitments

List and briefly describe all other projects in which the Guarantor is providing either a project guarantee with no stated dollar limitation on liability or a project guarantee with a stated dollar limitation in excess of \$20 million.

36. **Amend Section 5.3, “Comments on Project Concepts” on page 49-50, by replacing the Section with the following:**

The City has received a significant number of comments on the RFQ and the Project concepts. The City will again solicit comments from Short-listed Respondents.

37. **Amend Section 6.2, “Technical Evaluations” on page 51, by replacing the last two sentences of the second paragraph, i.e., the paragraph beginning “In evaluating Respondent . . .”, with the following:**

While United States experience will be considered paramount, Respondents may submit and will be evaluated on relevant non-United States experience. Non-United States projects will be considered favorably by the City if demonstrated to be comparable and of equivalent value to United States projects.

38. **Amend Section 6.3, “Financial Evaluation” on page 53, by adding a new bullet to the end of Item 1 as follows:**

- Other Project Guarantees

39. **Amend Attachment C, “Preliminary Contract Principles” on page C-3, by replacing the last two sentences of Item 9 “Expansion of Facilities” with the following:**

The City will evaluate its options under applicable law for implementing future modules (i.e., expansions) at the time of such expansions. The Service Agreement is expected to provide the City with maximum flexibility relative to its potential options for implementing the future expansions.

40. **Amend Attachment C, “Preliminary Contract Principles” on page C-4, by replacing the last sentence of Item 13 “Convenience Termination” with the following:**

The City will stipulate a schedule of convenience termination fees in the Service Agreement that are applicable to the different periods of the Project following consideration of Proposer comments on such fees.

41. **Amend Attachment C, “Preliminary Contract Principles” on page C-4, by deleting the word “manmade” in the second sentence of Item 15. Uncontrollable Circumstances.**

42. **Amend Attachment D, “Background Documents” on page D-3, by adding the following sentence to the end of footnote (1):**

The City believes that this decision was based on the land owner’s planning for the best use of its land and is not related directly to this Project.