

**New York City Water Board: Request for Proposals for
Consultant on Operational Efficiencies
Addendum #1
Responses to Inquiries**

I. General and Process Inquiries:

1. We would request that the Board consider increasing the page limitations to 50 in order for all of the items requested in the RFP to be adequately addressed.
2. Section III Item C.5. limits the proposal to 20 pages. We understand this limit includes the cover letter, technical proposal and statement of qualifications, and excludes the price proposal and required board documents. Please confirm this understanding as we are concerned the requirement for a qualification statement from each team member will make this an unachievable page limit.
3. It is assumed that the stated page limit would apply only to the Technical Proposal portion of the submittal, and that the Cover Letter, Statement of Qualifications (for the Proposer and Subcontractors), Proposal Forms, Price Proposal and Appendices would all be considered to be outside of the page limits? (It is understood that additional materials provided with the Proposal are to be brief.)

Response to inquiries 1, 2, and 3: To address proposer's concerns, the Board has increased the page limitation in Section III C.5 of the RFP from twenty (20) pages to thirty-five (35) pages excluding appendices. The 35-page limitation applies to the Cover Letter, the Technical Proposal and the Statement of Qualifications (excluding items specifically designated as appendices material). The Proposal Forms, Price Proposal and Appendices are not included in the 35-page limit.

In addition, please note corresponding changes to the following dates in the RFP Timetable on page 1 of the RFP:

- **Oral Presentations (as needed) Week of June 27, 2011**
- **Completion of Evaluation..... Approximately July 15, 2011**

4. The City has requested a Statement of Qualifications for the Proposer and all Subcontractors included, can the materials for the Subcontractors be included in a separate Appendix?

Response: Yes, as stated on page 12 of the RFP, Statement of Qualifications items (h) – (n) in addition to components of (b) and (d), along with Statements of Qualifications for Subcontractors can be included as Appendices.

5. The RFP states that 35% of the selection criteria is the merit of the Services to be provided in Phase II, how will this be objectively measured since the Phase I study will have not yet been conducted?

Response: This will be based on the Proposer's response as to how they propose to perform the scope of work of Phase II.

6. Appendix A of the RFP includes a number of acronyms (WSMs, WOH, STW, EOH & SBUs) and we would request that the City provide a list that defines these.

Response:

Acronym	Definition
BWS	Bureau of Water Supply
BWSO	Bureau of Water and Sewer Operations
BWT	Bureau of Wastewater Treatment
CCTV	Closed Circuit Television
CMMS	Computerized Maintenance Management System
EOH	East of Hudson
Haz-Mat	Hazardous Materials Response Team
HVAC	Heating, Ventilation and Air Conditioning
LAP	Land Acquisition Program
MP2	Maintenance Management Software
Ops	Operations
PM	Preventative Maintenance
SBU	Sewer Backup
STW	Sewage Treatment Worker
UV	Ultraviolet Light Plant
WOH	West of Hudson
WSM	Watershed Maintainer

7. In the case where capital improvements are recommended for implementation, what level of detail (i.e., conceptual design, prelim. design, etc.) is required for the Phase 1 report?

Response: The level of detail should be equivalent to a minimum of 15% of complete project definition, such that its end usage supports detailed strategic planning, business development, project screening at more developed stages, alternative scheme analysis, confirmation of economic and/or technical feasibility, and preliminary budget approval or approval to proceed to the next stage.

Estimates at this level virtually always use stochastic estimating methods such as equipment factors, Lang factors, Hand factors, Chilton factors, Peters-Timmerhaus factors, Guthrie factors, the Miller method, gross unit costs/ratios, and other parametric and modeling techniques.

Typically, engineering would comprise at a minimum the following: plant capacity, block schematics, indicated layout, process flow diagrams (PFDs) for main process systems, and preliminary engineered process and utility equipment lists. Expected accuracy range is from -15% to +20%.

8. Response: What is the relationship between the Water Board and the DEP as it pertains to the execution of this Project?

DEP will act as Agent for the Board in the execution of this Project.

9. Is there a more detailed DEP organizational chart available along with better definition of the number of sites employees are located and the fleet involved with operations, and can this be provided to the Proposers?
10. Is it possible to obtain a list of head count by position, assets, vehicles, equipments and inventory of parts by location that is covered in this scope of work?

Response to inquiries 9 and 10: Detailed breakdowns of BWSO Field Operations, BWT Plant and Collection Operations, and BWS Water Supply Operations are posted at the following location: http://www.nyc.gov/html/nycwaterboard/pdf/q9_10.pdf

These breakdowns include the staffing levels, some information about the bureaus' responsibilities, locations and fleet. This is the primary focus of the assignment, but the Water Board and DEP are open to exploring other areas of efficiencies within the organization.

11. In Section III item A.3., the terms “contractor”, “company”, “management and staff” are all used in different contexts. Can you define these terms, especially the term “contractor”?

Response: “Section III A.3.a.1) Have a minimum of five years of experience in operating water and wastewater facilities. This must be based on the contractor or contractor(s) experience.”

In the aforementioned statement the term “contractor or contractor(s) experience” refers to the proposer’s company’s experience or staff experience, or in the case of a joint venture, the aggregate experience of the joint venture. Such experience must be based on direct operations, rather than advisory, consultancy, or otherwise indirect operations. See the response to Question 15 for additional detail.

“Section III A.3.a.2) Have a minimum of three years of experience in providing comparable consulting services on engagements reviewing O&M. This may include company experience and management and staff experience.”

In the aforementioned statement the term “company experience and management and staff experience” refers to the proposer’s company’s experience and/or the experience of the proposer’s company’s management and staff experience (assigned to this project), whether gained with said company or another firm. In the case of a joint venture, the aggregate

experience of the joint venture, including the companies, the management and/or the staff of those companies assigned to this project, may satisfy the requirement.

12. May the proposal include confidential data related to DEP's operations, which was obtained through prior agreements with DEP unrelated to this RFP?

Response: No. Confidential DEP data should not be included in the proposal, which is subject to disclosure rules.

II. Scope and Technical Questions:

13. Can implementation of certain ideas start before Phase 2?

Response: No. Phase 1 will result in a report that will allow the Board and DEP to weigh each recommendation and implement the most cost effective solutions. Without a complete report, the Board and DEP will not be able to prioritize initiatives or refine the Scope of Services of Phase II.

14. Would the DEP consider implementing additional changes to its organizational structure as part of the proposed measures?

Response: Yes. DEP would consider implementing additional changes to its organizational structure as part of the proposed measures.

III. Team Structure and Governance Questions:

15. Qualification #1 on Page 10 states that the firm should demonstrate 5 years of water utility operations experience. Is this a qualification that not filling would lead to disqualification or does it only count as a ranking element in the evaluation? Also, can a firm without this exact qualification propose as the prime if they team with a qualifying subcontractor?

Response: Five years of water utility operations experience is a requirement. This requirement may be fulfilled by your firm/company as a whole, by a subcontractor, or by a member(s) of your proposed team. The level and quantity of operational experience of the proposed fulfillment of this requirement will be considered as a ranking element in the evaluations.

16. In Section III items B.3.a. and b., it appears that the board is looking for a team that includes both consultants and utility managers. Does the board have a preferred structure for the resulting team (e.g. joint venture, consulting firm as prime, utility or contract operator as prime, etc.)?

Response: No. The Board does not have a preferred structure for the team.

17. With regard to this potential contract, do prime contractors have a required Women/Minority Owned Subcontracting spend requirement?

Response: No. However please refer to Section 4.14A.(2); page B-12.

18. Will the contractor(s) work together with a dedicated DEP improvement team to build-up transformation capability at DEP? If yes, what resources and skills will be made available for Phase 1 and Phase 2?

Response: Yes. The DEP improvement team will consist of executive level staff with the skills required to effect transformation (e.g., operations, finance, human resources, information technology, training, communications, etc.). The need for additional skills external to these capabilities will be considered.

19. Is the Water Board committed to establishing a joint governance structure for Phase 2 to drive implementation against the timelines defined in Phase 1?

Response: The need for a joint governance structure will be determined based on the results of the Phase 1 work.

20. What is the Board's approach for arbitration to resolve potential differences in implementation timelines or acceptability of measures?

Response: The Board, in consultation with DEP, will review the recommendations from the Phase 1 report and determine what measures merit implementation. The Phase 2 contractor(s) may be asked to help define an implementation schedule. The Board does not include arbitration clauses in its contracts.

IV. Inquiries relating to Realization of Benefits:

21. Does the Board have a preferred approach for defining the baseline against which to measure savings? E.g., measured against a snap shot of a pre-Phase 2 budget or against a forward looking spend baseline, reflecting investments and expected development of major cost drivers (e.g., power)

Response: The Board does not have a preferred approach for defining the baseline. The Board expects that the contractor(s) will recommend an approach based on the available data. The contractor(s) should prepare an alternatives matrix listing the pros and cons to each approach, along with recognized limitations to the resultant outcomes.

22. Does the Board have a view on how to deal with potential overlap with other initiatives identified and being implemented by DEP?

Response: As stated on page 7 of the RFP, a full review of the initiatives already implemented or underway should not be performed by the contractor(s); however, if the contractor(s) has additional or alternative recommendations related to these initiatives, the recommendations would be welcomed by DEP and the Board as part of the analysis. The contractor(s) is asked to review and make any recommendations on all of DEP's initiatives in the conceptual stage as part of the thorough review of DEP's O&M.

Where the contractor(s) has additional or alternative recommendations related to previously implemented or underway initiatives that provide greater system benefit(s) the contractor(s) shall be credited with such if they are to be implemented. If the contractor(s)'s analysis of conceptual initiatives results in a higher value initiative or a more efficient and effective

method of implementation, the contractor(s) will be credited for those initiatives that are to be implemented.

23. Do the Board and DEP have targets for cost reduction and improved level of service that they will share now?

Response: The Board and DEP do not have set targets. Rather, they wish to achieve the greatest benefit for the level of effort required.

24. Is the Board and DEP wanting to achieve cost reduction and productivity improvements with existing assets only or have they budgeted for some form of capital expense to potentially achieve benefits?

Response: The Board and DEP are open to cost reduction initiatives and productivity improvements that may require capital expenditures to achieve, as stated on page 7 of the RFP (Task 2). No budget has been pre-allocated for this as the capital required must be evaluated based on the expected benefit(s) and incorporated into the asset management and capital improvement planning process.

25. How will potential one-time costs (e.g., investments or potential redundancy cost) be factored against long-term savings?

Response: An a priori weighting factor has not been set. The recommendations will need to be reviewed in their entirety before being able to determine appropriate prioritization criteria.

26. Does the Board and/or the DEP foresee any limitations/barriers with regard to implementing the full potential in terms of efficiencies/benefits that may be identified in Phase 1 (e.g., realization of headcount savings, shift pattern optimization, etc.)?

Response: As stated on page 7 of the RFP (Task 2), part of the scope of the Phase 1 work is to identify barriers to implementation of efficiency measures along with recommendations on how to overcome said barriers (Task 3). Some of the anticipated barriers may include collective bargaining agreements, statutory prohibitions, and capital investments.

27. What is the approach and typical time scale for allocation of capital to “small” investments for technical improvements (e.g., below \$100,000)?

Response: Capital is allocated as part of the City’s annual budget with some flexibility for reallocation of funds during the fiscal year. From the time a purchase request is assigned to a buyer it generally takes approximately three months to execute the procurement. For additional information see Section 3-08 of the Procurement Policy Board Rules available at www.nyc.gov/ppb.

28. Would the Water Board and DEP consider alternative financing options for large capital investments, e.g., supplier pays for installation of new equipment upfront and is paid back through a gain share agreement on savings in operational costs?

Response: Yes. The Board and DEP will consider alternative financing options for large capital investments. The business cases developed for such investments must quantify the financial gain/loss associated with this method as compared to traditional financing methods.

V. Inquiries about Contract Terms

29. If the contract is extended, will that require a renegotiation of combined fixed fee contract and performance based incentives, or will the existing agreed upon fee structure be extended with the contract?

Response: The existing, agreed-upon fee structure will be extended with the contract, unless the Proposer responds to the RFP with an alternate fee structure for any/all extensions.

30. Will the company that is selected and contracted as the Consultant for this Project be allowed to participate in any Water Board and DEP procurements and perform contract services in the future?

Response: Yes. The contractor(s) will be allowed to participate in future procurements barring any conflict of interest prohibitions.