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July 23, 2013

SUBJECT: Letter of Clarification No. 2
Municipal Solid Waste and Recyclable Services for the City of Houston

REFERENCE: Request for Qualifications No. S10-Q24644

TO: All Prospective Respondents:

This Letter of Clarification is issued for the following reason:

- **The following questions and City of Houston responses are hereby incorporated and made a part of the Request for Qualifications (RFQ):**

1. **Vendor Question:** "The RFQ says that Respondents must submit six copies of the RFQ (1 printed original and 2 electronic CD copies). What do I do with the other 3 copies?"

COH Answer: *"On page one of this RFQ solicitation document, it specifies that the Respondent is to submit a total of six (6) hard copies (one original signed in blue ink) plus (2) CDs/thumb drives."*

2. **Vendor Question:** "If I am filling out the RFQ section (not the SOQ), do I still fill out Sections 6.0, 7.0, 8.0 and 9.0? I am a bit confused on which part I should be filling out, if not all parts."

COH Answer: *"The Submission of Qualifications along with the Table of Forms on page 12 spell out the submittal requirements. Section 8.0 sets out the Evaluation Criteria and Section 9.0 describes the additional requirements for future short-listed respondents."*

3. **Vendor Question:** "Please clarify that jump drives or thumb drives can be used in place of CDs for the electronic copies called for in the RFQ."

COH Answer: *"Thumb drives may be used as an alternative electronic storage medium for CDs."*

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4. Vendor Question: "Please clarify what you mean by the 22% of the value of this Agreement to M/WBEs specified in Section 3.2. Do you mean the total value of the project or total value of the construction and operations? Does this refer to the total value of a waste supply Agreement? Or do you actually mean the total value of the Agreement?"

COH Answer: *"Once a contract is in place, the Prime/Respondent will be expected to make their best-faith effort to achieve the 22% MWBE subcontracting goal of the total contract award amount."*

5. Vendor Question: "Is the listed 22% M/WBE subcontractor's participation a goal, or a requirement?"

COH Answer: *"It is a goal for the Contractor to award subcontracts or Supply Agreements up to 22% of the amount utilized off an awarded contract. It is also the Respondent's requirement to submit the MWBE's Letter of Intent form and any other related MWBE forms prior to the City letting a contract to a Contractor."*

6. Vendor Question: "Will the inclusion of published annual reports, which include audited financial statements for the company, suffice for Section 6.2?"

COH Answer: *"Yes. If annual reports are available for any of the companies submitting them, they will suffice. Other non-public subcontractors or sub-consultants will need audited financials."*

7. Vendor Question: "Are the forms in Table 1, Section 7.10 required of every company on the design team, or just from the Respondent?"

COH Answer: *"These forms are required by the Prime Contractor only."*

8. Vendor Question: "Could the City provide current costs for MSW disposal?"

COH Answer: *"A range of \$26.00 to \$30.00 per ton, which includes transfer station and direct to landfill, plus logistics and regulatory costs. A detailed financial analysis is currently under way."*

9. Vendor Question: "What is the City's projection of waste stream tonnage over the next three to five years?"

COH Answer: *"It is projected to be approximately 1% growth per year."*

10. Vendor Question: "On Section 1.4, SOW, page 3, is it the City's intention to deliver material to the mixed waste processing plant that is collected from households not receiving recycling collections? And is it the City's

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intent for the mixed waste processing program to replace the need for separate recycling collections from the households that are serviced by the mixed waste plant?"

COH Answer: *"Yes to both questions. All residential mixed waste (except for possibly yard clippings) will go into one bin, collected by COH trucks and delivered by transfer stations to the Facility. It is expected that this collection methodology will replace the existing single and multi-stream programs currently in place."*

11. Vendor Question: "In Section 1.6, SOW, page 3, can the City provide current tip fees at the transfer stations and landfills listed?"

COH Answer: *"A range of \$26.00 to \$30.00 per ton, which includes transfer station and direct to landfill, plus logistics and regulatory costs. A detailed financial analysis is currently under way."*

12. Vendor Question: "In Sections 1.7 and 1.8, Exhibit-1, page 5, can the City tell us what the current fee they pay for green waste and yard waste, and would these waste streams be available for the mixed waste processing plant?"

COH Answer: *"The City's bagged yard waste program is picked up (with no tip fee) by a separate vendor and the City earns \$5/ton. The green waste (tree waste) collected on large collection runs by City resources is currently costing the City approximately \$17.50/ton (tip fee)."*

13. Vendor Question: "In Sections 9.4.2 and 9.4.3, General Requirements on page 16, it reads that it is expected that the project will reduce (or at least not increase) the City's capital and operating costs. Can the City tell us what their current per ton capital and operating costs are? If, for example, a mixed waste processing facility eliminates the need for separate recyclables collection, would the savings in reduced collection costs be part of the equation? Or, in other words, what per-ton tipping fee would a mixed waste processing plant have to charge in order to reduce the City's costs?"

COH Answer: *"All costs will be factored into any potential 'break-even' or 'cost savings' to the City. Studies are currently underway to determine these exact costs, but they may differ based on final Submissions and methodologies. As this is a Request for Qualifications, we will share those figures as the studies are completed in later phases of this project."*

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14. Vendor Question: "What are the current tip fees at each landfill and transfer station currently used by the city?"

COH Answer: *"A range of \$26.00 to \$30.00 per ton, which includes transfer station and direct to landfill, plus logistics and regulatory costs. A detailed financial analysis is currently under way."*

15. Vendor Question: "Can we have a copy of each Landfill Disposal contract and City's operation transfer station contract?"

COH Answer: *"Those contracts can be requested through a Texas Public Information Act request at ARA's Records management division."*

16. Vendor Question: "Can we have a copy of Living Earth Technologies contract for green waste?"

COH Answer: *"Contracts can be requested through a Texas Public Information Act request at ARA's Records management division."*

17. Vendor Question: "What is the cost to the City of supplying the collection of single stream curbside collection and dual stream collection?"

COH Answer: *"Financial reviews are in process and results will be supplied as part of the second phase of this RFQ."*

18. Vendor Question: "Are there any tip fees for single stream and dual stream collection? Any revenue sharing? Copies of contracts?"

COH Answer: *"Financial reviews are in process and results will be supplied as part of the second phase of this RFQ."*

19. Vendor Question: "Does the City have land available to build a processing plant on 5-10 acres? Is City willing to provide the land and help with permitting the facility?"

COH Answer: *"The City will help in any way possible to accelerate the construction of the new facility. Land discussions can be a part of the second phase of this RFQ."*

20. Vendor Question: "What are the net jobs for transferring and disposal? What are the wages per net job?"

COH Answer: *"Financial reviews are in process, and results will be supplied as part of the second phase of this RFQ."*

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21. Vendor Question: "Can the provider piggyback the City of Houston Disposal Agreements to dispose of residual materials that are not diverted?"

COH Answer: *"This would be a negotiation point during contract negotiations, and the answer would vary widely based on the final methodology employed."*

22. Vendor Question: "What are the benchmark tons to base the 75% diversion goal? Will this goal allow for population increases?"

COH Answer: *"The City can supply approximately 4-500,000 tons a year and believes that a facility will likely need additional tons to scale correctly. The City is prepared to help negotiate other source suppliers to make up the difference. It is expected to be a combined effort between the City and the awarded Respondent."*

23. Vendor Question: "How many sq. ft. of office space does the City require to monitor the contract at the proposed facility?"

COH Answer: *"It is not expected to be very much, and this is a negotiable point of the final contract."*

24. Vendor Question: "What is the City's target date for the Center to be operational?"

COH Answer: *"The City would like to have construction under way by mid-to-late 2014, with construction completed by end of 2015."*

25. Vendor Question: "For the 75% diversion goal, is there any preference or goals for recycling vs. conversion technology?"

COH Answer: *"The RFQ outlines the City's desires to meet diversion goals while considering environmental impact. The City is very open to discussion in the second phase of this RFQ."*

26. Vendor Question: "Tonnages currently collected by the City are listed in Sections 1.1.1 through 1.1.8. The anticipated investment in the project is substantial, and so are any of the tonnages guaranteed for delivery to the 'One Bin Project'?"

COH Answer: *"As part of a final contract, all of this is negotiable."*

27. Vendor Question: "Is there any historical volume data to provide an indication of the amount of growth of the City waste streams and to assist with projections of future materials?"

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COH Answer: *"Yes--FY08 was 383,402; FY09 was 434,887; FY10 was 396,094; FY11 was 387,419; and FY12 was 392,013. Adding in our recent single and double-bin recycling programs, the FY12 number is approximately 462,200."*

28. Vendor Question: "Sections 1.1.2, 1.1.3, and 1.1.4 indicate an annual volume of recyclable material of 34,200 tons. Section 1.4 indicates 2,641 tons per month (31,692 tons per year) of recyclables. Is it possible to reconcile the values?"

COH Answer: *"34,200 is the accurate volume of recyclable material."*

29. Vendor Question: "Section 1.2 states the SWMD collects approximately 35% of Houston's total waste stream. Approximately, what percent of Houston's residential waste stream (single family and small apartment complexes of eight units or less) does the SWMD collect?"

COH Answer: *"Over 90 percent."*

30. Vendor Question: "Section 2.3.7 requests to reduce City MSW costs through reduced charges. Specifically, what are the City's current costs for MSW management? It was mentioned at the Pre-Submission Conference that a current disposal cost of around \$28-\$30/ton was appropriate. Is this the total cost for delivery direct to the landfill, or is this the total cost to the City for delivery to one of the three transfer stations, or perhaps both?"

COH Answer: *"A range of \$26.00 to \$30.00 per ton, which includes transfer station and direct to landfill, plus logistics and regulatory costs. A detailed financial analysis is currently under way."*

31. Vendor Question: "What percentage of the City waste described in 1.1.1 (Residential Trash Service) is delivered to the Transfer Stations, and what percentage direct to one of the three landfills mentioned in the RFQ?"

COH Answer: *"Breakout of waste going to Transfer Station and Landfill is, 59% Transfer Station and 41% Landfill."*

32. Vendor Question: "Is the desire of the SWMD to continue to deliver waste described in Section 1.1.1 to the Transfer Stations at the current rate, or will the SWMD be able to re-route vehicles to deliver directly to the location of the One Bin Processing Location?"

COH Answer: *"Either is possible based on best costs."*

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33. Vendor Question: “If the SWMD can re-route vehicles to deliver directly to a Processing Location, is there a maximum distance (from any reference location, say downtown) in any direction that the Processing Location might be located?”

COH Answer: *“That will all be determined based on the final short-listed Respondent discussions, negotiations and contract.”*

34. Vendor Question: “Section 8.8.3 references ‘comparable payment mechanisms’. Is any elaboration of this possible?”

COH Answer: *“[Comparable payment mechanisms] in this context is where an anchor tenant seeks a commitment under a Service Agreement, in which it is most likely that there is a need for additional raw material resources to provide sufficient cash flows for the proposed Contractor.”*

35. Vendor Question: “The RFQ references a project length of a minimum of 15 years. Is there a maximum length of Service Agreement?”

COH Answer: *“This project is intended to be a long-term relationship between the City and the operator(s). There is not intended to be a maximum duration.”*

36. Vendor Question: “Section 9.6.2 requests for performance guarantees regarding processing and conversion equipment within 30 days after acceptance. We anticipate this system will take a much greater time to reach optimum program/performance guarantees. Other than throughput, what performance guarantees was the City contemplating?”

COH Answer: *“Throughput and diversion are the most important, but other environmental benchmarks would all be considered. These are negotiation items for a final contract.”*

37. Vendor Question: “Will the City accept any diversion guarantees in either percent diversion or time of implementation, other than those stated in the RFQ (75% or better within Year-2).”

COH Answer: *“These would be considered as part of a final contract negotiation.”*

38. Vendor Question: “What are the hours of operation for the collection of the various materials? Please define. Is a target date available to provide the Waste Characterization Study results?”

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COH Answer: *“Current hours of operation are 6:30 a.m. to 4:30 p.m., Monday, Tuesday, Thursday, and Friday. The Waste Characterization Study is expected to be completed by 2013.”*

39. Vendor Question: “How much space is available at the three existing transfer stations for growth/expansion? Does the City of Houston have a site in mind for the ‘Center’?”

COH Answer: *“Two of the existing three transfer stations have room for growth. Analysis of this may be part of the Waste Characterization Study. There is not a specific site currently under consideration.”*

40. Vendor Question: “What are the projections of residential and yard/tree/wood waste volumes over the next 15 years?”

COH Answer: *“These projections and figures may be part of the Waste Characterization Study.”*

41. Vendor Question: “How long is the hauling contract and transfer operation contract with Republic Waste Services?”

COH Answer: *“The hauling and transfer operation contracts with Republic Waste Services are up for extension next year (2014), and expire in 2019.”*

42. Vendor Question: “Is all of the processed green waste sold into the Houston marketplace, or can it be used by the MBTARR Center?”

COH Answer: *“The green waste we collect is taken to Living Earth (LETCO) and processed. It is our understanding that all of this material is sold in the Houston marketplace. Once we dump the material it becomes the property of LETCO.”*

43. Vendor Question: “How is the diversion amount calculated? Please provide an example.”

COH Answer: *“ $[\text{Tons collected minus Tons disposed in landfill(s)}] \text{ divided by Tons collected.}$ ”*

44. Vendor Question: “What are the assumptions for the GHG baseline calculation, and can the details behind the calculations be shared?”

COH Answer: *“The assumptions were driven by the current operations for all COH MSW collection activities using the transfer stations and the direct hauls to Republic and Waste Management landfills, using*

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the EPA WARM model.”

45. Vendor Question: “Does the City of Houston have specific goals in mind for the MSW cost reductions by reduced charges and revenue sharing?”

COH Answer: *“No. No specific goals.”*

46. Vendor Question: “Does the City of Houston have specific goals in mind for the net increase in jobs?”

COH Answer: *“No. No specific goals. This will be part of final contract negotiations.”*

47. Vendor Question: “What is the timing/schedule for the short-listed Respondents on additional response requirements?”

COH Answer: *“September/October, 2013.”*

48. Vendor Question: “What is the criteria for the CNG production that is necessary at the site within 12-24 months following facility acceptance? Will an off-take arrangement be provided? If so, what is the potential structure?”

COH Answer: *“This will all be part of final contract negotiations.”*

49. Vendor Question: “Will the City of Houston keep each RFQ Submission confidential? If not, will confidential information need to be marked as such and will it be kept confidential?”

COH Answer: *“When sections of a Submission are properly marked, the City will use its best efforts to protect the Respondent’s confidential or proprietary information.”*

50. Vendor Question: “Is seasonal variation a factor with residential trash service, recycling, heavy trash, and green waste volumes? If so, what are the maximum and minimum amounts?”

COH Answer: *“Yes, there are variances. We will be considering these as part of the Waste Characterization Study.”*

51. Vendor Question: “Regarding Section 2.3.2 on page 7, please define the current diversion calculation formula to arrive at 17%. Which diversion streams are included (detail of material streams recovered and amounts in/out)? Would you expect the same calculation formula to be used in the future?”

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COH Answer: *"This includes all yard waste, green waste and single and multiple recycling programs."*

52. Vendor Question: "Regarding Section 2.3.7 on page 7, can you provide your current collection and transportation costs by type of service for the services the City of Houston provides, as described in Section 1.0?"

COH Answer: *"Financial analysis is currently underway and may be provided to short-listed phase-2 Respondents."*

53. Vendor Question: "On page 6 regarding Section 2.2, and page 17 regarding Section 9.5.2, please confirm (as verbally stated in the Pre-Submission Conference) that processes not involving gasification, anaerobic digestion, composting or catalytic conversion will be also be considered, as long as the process does not include incineration or combustion."

COH Answer: *"Processes not involving gasification, anaerobic digestion, composting or catalytic conversion will also be considered, so long as the process does not include incineration or combustion and the resultant diversion goals and related objectives can be guaranteed to be achieved."*

54. Vendor Question: "Regarding Section 5.7.2.2 on page 10, please confirm whether the City is requesting company names and/or individuals. Section 5.6.2.2 appears to request company names, but Section 5.7.2.2 is less clear."

COH Answer: *"Section 5.7.2.2 can be either at this stage. This Section is dealing specifically with design (often individuals). Section 5.6 is development, which is generally a higher-level team of companies."*

55. Vendor Question: "In Section 6.3 on page 11, please clarify what must be presented in order to demonstrate financial feasibility for the purposes of the RFQ. Section 9.6.1.4 (Page 18) specifies a pro-forma is to be provided later by the short-listed Respondents, so it is assumed something much more preliminary will be acceptable for the initial Submission. Does a statement that the Respondent has preliminarily examined the project and possible constraints and believes (with certain assumptions) that the project is financially feasible meet the requirements of this Section?"

COH Answer: "Annual reports or audited financial statements."

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56. Vendor Question: "Regarding Sections 7.1-7.6 on page 11, please clarify what is requested in these Sections. Are we to provide additional project design/construction/O&M experience and references beyond what is requested in Sections 5.6 and 5.7 (if such information is already included there)?"

COH Answer: "You may have other experience(s) that can show your value."

57. Vendor Question: "Regarding Section 9.5.2 on page 17, please confirm whether CNG future production is required, as there are MSW-to-biofuels technologies that do not involve an intermediate syngas phase. Further, please clarify if a Submission with a syngas/CNG component will be more favorably judged than one without."

COH Answer: "9.5.2 falls into the 'Short-listed Respondents Additional Response Requirements' category and does not apply at this stage of the process. Nonetheless, this is a Request for Qualifications. The COH is communicating its goals to potential Respondents who are short-listed. As with any advertisement there is an opportunity to negotiate terms and conditions at an appropriate time, which is not during and SOQ stage."

When issued, Letter(s) of Clarification shall automatically become a part of the RFQ documents, and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. It is the responsibility of the Respondent to ensure that they have obtained any such previous Letter(s) associated with this solicitation. By submitting a response on this project, Respondents shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this RFQ.

If you should have any questions or if further clarification is needed regarding this Proposal, please contact me at greg.hubbard@houston.tx.gov, or at 832.393.8748.

Sincerely,

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cc. Don Pagel, ARA; Laura Spanjian, MYR; Brian Yeoman, MYR; File

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