



City of Cleveland

Frank G. Jackson, Mayor

Department of Finance  
Division of Purchases & Supplies  
601 Lakeside Avenue, Room 128  
Cleveland, Ohio 44114-1080  
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June 3, 2014

**ADDENDUM NO. 2**

**Request for Proposals to Design/Build/Own/Operate  
The Waste Reduction and Recycling Project**

Proposals Due: Tuesday, July 1, 2014 at 12 O'clock Noon  
City Hall, Room 128

Attention Proposers:

The City of Cleveland is issuing the Addendum No. 2 for the above entitled project.

- 1. Proposal delivery instructions are modified as follows. In addition to the one clearly marked original, five (5) additional copies, and one electronic copy on a thumb drive or disk of the final Proposal to be delivered to:**

**Division of Purchases and Supplies  
Attn: Tiffany White  
601 Lakeside Avenue, Room 128  
Cleveland, Ohio 44114**

**the Proposer shall also deliver two (2) additional copies, and one electronic copy on a thumb drive or disk of the final Proposal to:**

**Harvey Gershman, President  
Gershman, Brickner & Bratton, Inc.  
8550 Arlington Blvd., Suite 304  
Fairfax, Virginia 22031**

**and one (1) additional copy of the final Proposal to:**

**Michael Greenberg, Principal Consultant  
GT Environmental, Inc.  
635 Park Meadow Road, Suite 112  
Westerville, Ohio 43081**

- 2. Form GF-8 shall be replaced with the attached revised form.**

**3. Answers to Questions Received:**

Q1. Please provide a list of the minimum license, patent or proprietary process that will be required to develop the project in coordination with the City.

**Response: The Company will be required to obtain and maintain all necessary licenses, permits or other authorizations necessary to design, build, own and operate the Project throughout the term of the Contract.**

Q2. Please clarify whether the relation with the Cleveland Thermal is compulsory or it would be possible to negotiate with alternative third parties instead.

**Response: The relationship with Cleveland Thermal is compulsory in order to meet the minimum MSW-EF requirements of the project. Excess MSW-EF may be sold to a third party.**

Q3. Please indicate to what extent the City would be willing to negotiate the Draft Contract, among the City and the Contractor, which has been provided.

**Response: The City expects to preserve as much of the draft contract as possible. The City, however, is open to reasonable changes to the Draft Contract. The Proposer should clearly articulate the specific changes being requested to the Draft Contract. Extensive proposed changes may negatively affect the proposal scoring. Please use the Word version posted on the GBB ShareFile for redlining and returning with your proposal.**

Q4. (4.8 Expected Service Contract Term) Please clarify whether the 30 year term includes or not the construction period. For avoidance of doubt, does this 30 year term comprehend the construction and the operation or does it only comprehend the operation period?

**Response: The 30 year term begins with the Operations Commencement Date (the operation period).**

Q5. (4.8 Expected Service Contract Term) Please specify the minimum Service Contract Term guaranteed regarding the concession agreement.

**Response: The City anticipates the Contract will begin when it is executed and will continue in effect for 30 years following the Operations Commencement Date.**

Q6. (5 Selection Criteria) Please provide further details regarding the relative weight of the different categories included in the Evaluation Criteria, in order to optimize the Proposal sent to the City.

**Response: Per City procurement policy, the City does not provide details regarding the relative weight of the different categories included in the Evaluation Criteria.**

Q7. (6.3 Basis of Proposal and City MSW Delivery Guarantee) Please confirm that minimum conditions will be defined regarding the waste in order to provide stability to the projected cash flows. These minimum conditions would comprehend, but would not be limited to, minimum number of tons per year and minimum quality level of the waste. In case these requirements were not met, please elaborate on how the concession would be compensated

in order to maintain the necessary stability to make the project bankable for financiers and equity providers.

**Response: The Proposer should detail the expected minimum conditions for its service fee in its proposal. The City will evaluate the expected minimum conditions as part of its proposal review.**

Q8. (6.8 Proposal Response Format) Please provide further details regarding the type of financial issues involved in establishment of integrated MSW management systems the City is requesting proposers to discuss.

**Response: As with many cities, the City of Cleveland is seeking to increase recycling, reduce landfill disposal, and improve environmental quality while reducing costs to tax and rate payers.**

Q9. (6.8 Proposal Response Format, Tab IV Financial Proposal) Please define Host Community Fee and whether a minimum amount should be considered for this concept.

**Response: The City has not defined a minimum Host Community Fee for out-of-City waste.**

Q10. (7.1 Proposal and Contract Security (Proposal Bond)) Please clarify whether the Annual Cost of Services means the total revenues the Proposer will receive from the City on the first year or if it should include other revenue streams such as tipping fee from other parties, biogas revenues, recycling selling revenues, etc. Should we calculate the amount to be guaranteed based on nominal terms or should we take into account the CPI effect?

**Response: The Proposal Bond should be based on the cost as computed in Form PF-6.**

Q11. (7.2 Performance Bond and Guarantees) Please confirm that the Operating Phase LOC will have to be presented at the beginning of the plant's Operation Phase.

**Response: The operating phase LOC will be required at the beginning of the Operating Phase.**

Q12. (7.2 Performance Bond and Guarantees) Please clarify the definition of Projected Annual Service Fees during the Operating Phase.

**Response: The City has requested a consolidated service fee (\$/ton) for all of the combined services furnished by the Proposer in accordance with their Proposal. The Project Annual Service Fees is the multiplication of the tons of MSW delivered by the City by the consolidated service fee.**

Q13. (7.10. Non-Performance and the City's Remedy) Please provide further details regarding the Force Majeure scenario. According to the RFP, the City may utilize another contractor and pay for its services. What would be the compensation received by the Proposer under this scenario?

**Response: If the Contractor is unable to perform its obligations during the contract due to a Force Majeure event, the City has the right to utilize another contractor to ensure its MSW is managed appropriately. The City cannot determine what, if any,**

**compensation would be due to the Proposer at this time. The City is interested to be cost-indifferent during any Force Majeure events. To the extent any Contractor-provided insurance can provide funds to cover any additional costs, the Contractor should indicate this in its proposal.**

Q14. (7.11. Notice of Termination for Breach of Contract) Please specify what would be the compensation for potential liabilities the Proposer may assume due to a Breach of Contract by the City.

**Response: The City will consider this request during contract negotiations.**

Q15. The City is requested to confirm that, if a Proposer elects to create a SPE for The performance of The Contract, it will be sufficient to describe its structure and composition and set The SPE up at a later date, during negotiations of The Contract should The Proposer be selected by the City for the next step of the RFP.

**Response: This request is acceptable to the City.**

Q16. (Draft Service Contract, Section 1.3) The City is requested to reconsider its definition of Force Majeure, as the exclusion of Subcontractors seriously endangers the projected performance structure, especially during construction.

**Response: The Proposer should identify the proposed changes to the Draft Service Contract in their proposal.**

Q17. (Draft Service Contract, Section 3.1 E) In the same line, the City is requested to revise its "Waiver of Certain Defenses" policy in order to contemplate Force Majeure.

**Response: The Proposer should identify the proposed changes to the Draft Service Contract in their proposal.**

Q18. (Draft Service Contract, Section 5.3 B) The City is requested to revise site risk in order to allow for subsoil contamination and hidden infrastructures risk.

**Response: The Proposer should identify the proposed changes to the Draft Service Contract in their proposal.**

Q19. (Draft Service Contract, Section 8.1 D) In certain instances, Force Majeure will generate limited costs, such as conservation, demobilization and mobilization costs. The City is requested to revise its policy.

**Response: The Proposer should identify the proposed changes to the Draft Service Contract in their proposal.**

Q20. (Draft Service Contract, Section 8.1 D) The Proposer expects reasonable regularity in deliveries of MSW by the City, as its stable output depends on timely input. This Section is expected to be revised accordingly.

**Response: The Proposer should identify the proposed changes to the Draft Service Contract in their proposal.**

Q21. (Draft Service Contract, Section 16.3 B) The City is requested to include failure to timely deliver MSW to the MRF Facility by the City as an Event of Default.

**Response: The Proposer should identify the proposed changes to the Draft Service Contract in their proposal.**

Q22. (Draft Service Contract, Section 17.2 B) Mitigation to Force Majeure is expected to be carried out by both Parties, based on their capability and easiness of so doing.

**Response: The Proposer should identify the proposed changes to the Draft Service Contract in their proposal.**

Q23. What type of boiler will be used in the proposed CHP facility?

**Response: The proposed CHP is expected to use a fluidized bed boiler.**

Q24. Will the requested MSW engineered fuel be used alone, with natural gas, or co-fired with coal? If the EF is to be co-fired, what is the desired co-firing rate?

**Response: The MSW-EF will be used alone or co-fired with natural gas. The co-firing rate depends on the quality of the MSW-EF, but could range between 80 and 100% MSW-EF.**

Q25. (Page 34, Item iv of the RFP) it states that proposers should provide details on the reference facilities described in Section 4.2. Please confirm that it should be Section 4.3.

**Response: The reference should be Section 4.3**

Q26. (Page 8, Table 2) Please clarify that the percentages are "by weight" not "by Volume"?

**Response: Table 2 presents composition percentages by weight.**

Q27. Can the response due date be extended from 12pm, June 12 to 3pm, June 30?

**Response: The proposal due date has been extended to July 1<sup>st</sup> at noon local time.**

Q28. (Page 9) it states that under the City's current contract, the first year price for source separated recyclables delivered to Greenstar as of 4/23/12 was \$60.85. What is the price now? If the city decides to deliver its source separated recyclables, will it be sent directly from the routes or will it be transferred from the Ridge Road facility?

**Response: : The current price paid to the City for source separated recyclables is \$20.46/ton. To minimize handling of recyclables, the City would prefer to have recyclables sent to the facility directly from the routes.**

Q29. (Page 16) it states that source separated recyclables may not be used to produce EF. Could the residual waste from the processing of these materials be used as EF?

**Response: Residue from processing recyclables can be used to produce MSW-EF, as could residue from other materials recycling facilities.**

Q30. (Page 17) the RFP asks that the proposer state how it will "use, expand, integrate with and/or replace each of the current City systems". Can you state clearly what each of these systems is, and can you state what the individual cost, net of revenue, is for each of these systems?

**Response: The only information the City can provide regarding its current system and cost is provided in Section 2.1 and Appendix 7 of the RFP. The Proposer should use its best efforts to describe the benefits to the City from its proposal.**

Q31. (Page 17), the RFP essentially asks for a full financial analysis of the proposal including capital costs, revenue streams, and operating expenses. As this information is extremely sensitive and detrimental to the proposer should this information be shared outside the City, can the proposer include this information in its proprietary/confidential section of its proposal and can the City guarantee that any information provided in this manner will not be shared publicly?

**Response: The Proposer can include whatever information it deems to be proprietary and confidential under Section 1333.61 of the Ohio Revised Code and should clearly mark as such in its submittal.**

Q32. (Page 17) the RFP asks for a summary of tax benefits. Are you looking for an analysis of payroll and income taxes, or could you clarify?

**Response: If the Project qualifies for any tax (e.g. Federal, State) benefits to the Proposer, the Proposer should identify the portion of any tax benefits it will share with the City.**

Q33. (Page 48) the RFP states that the "contract shall be valid only to the extent of appropriations available to each project" and further that "the City's extended obligation...shall be contingent upon actual appropriation for the following fiscal year". As such, this would seem to give the City the opportunity to cancel the contract on an annual basis without ramification. Since this project would require a large capital investment with financing contingent upon the full term of the contract, it will be difficult for a contractor to obtain financing under these terms. Given these circumstances, what happens if City Council decides not to appropriate funds for the contract in a given year? Has the City entered into any contracts such as this where the term of the contract and the annual appropriation do not match, i.e. 30 years vs. one year? Has the City Council ever cut off funding for a long term contract, and if so, what were the circumstances?

**Response: Section 7.20 Availability of Funds is a typical, required, standard term and condition found in contracts with municipalities and other government entities. Given that the WR&R Project addresses multiple City needs and requirements, a lender familiar with financing government contracts has or should have the necessary information once the proposer determines the scope of its project.**

Q34. Will the steam line for CT being extended, by the city, to originate at the Pershing Station location? (If it is does not, will CT be replacing its boiler in time for the delivery of fuel?)

**Response: The decision of extending the steam line for CT will depend on the eventual sizing of CT's co-generation facility and cannot be determined at this time. For the purposes of your proposal, please assume the CT's facility will be operational in time for delivery of fuel.**

Q35. Will CT enter into a take-or-pay contract that meets coal equivalent pricing that incorporates the required premium for a high-quality renewable fuel product?

**Response: For the purposes of your proposal, please assume that CT will purchase MSW-EF that meets the specifications outlined in Appendix 1 of the RFP at a price of \$1.50/MMBtu (2014\$). The details of that contract will eventually be negotiated.**

Q36. Should the generation of power be the primary focus or should fuel (fluff) production be the focus of the bid response? (each option will define the engineering and cost estimates provided)

**Response: The services being solicited by the City are outlined in Section 3 of the RFP. The City does not anticipate the WR&R Project to produce power, but rather to receive City MSW, recover recyclables and organics (if possible), and produce MSW-EF and biogas (if possible).**

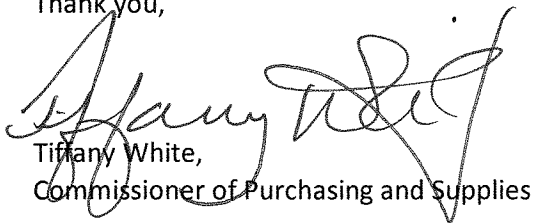
Each Proposer must acknowledge its receipt of all Addenda.

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Signature of Potential Proposer and Name of Company:

Date:

Thank you,



Tiffany White,  
Commissioner of Purchasing and Supplies