

**Draft Firm Fixed Price  
Consolidated Utility Privatization Workscope  
the Privatization of the Fort Hamilton, NY  
Electric, Natural Gas, Potable Water and Wastewater Utility  
Distribution Systems**

**This is a draft workscope issued for industry comment relative to the government's procurement strategy in privatizing the Fort Hamilton Utility Distribution Systems. This is NOT a request for proposal.**

**The standard RFP Sections A, D, E, F, G, I, J, K, and most of L are not included in this draft except by reference. There are no attachments included in the draft.**

**You are invited and encouraged to send written comments to the New York District Corps of Engineers concerning the procurement approach as set forth herein. Please respond to:**

**US Army Engineer District, New York  
ATTN: CENAN-CT ( S. Gaffney)  
26 Federal Plaza  
New York, New York 10278**

**The District will not respond individually to comments, however, they will be considered by the Corps in preparing the Fort Hamilton Utility Privatization RFP. Request all comments be forwarded to reach the above-named point of contact by October 18, 1998.**

**To further this dialog with industry, an Industry Forum is scheduled for October 20, 1998, 9:00-11:00am, at the Fort Hamilton Community Club.**

**Please continue to check this New York District Website for further information and updates concerning the Industry Briefing (including registration procedures) and this Utility Privatization Project.**

**October 1998**

*SECTION B*

*SUPPLIES OR SERVICES  
AND PRICES / COSTS*

## **B.0 SUPPLIES OR SERVICES AND PRICES / COSTS**

### **B.1 SCOPE AND PURPOSE.**

B.1.1 Fort Hamilton ("Installation"), New York, seeks one (1) qualified utility service provider or contractor (AContractor≡) to own, operate, and maintain the Fort Hamilton electrical, natural gas, potable water and wastewater utility systems to distribute electricity, natural gas, potable water and collect wastewater within the Fort Hamilton installation boundary. The Government will consider proposals from regulated utility service providers and contractors who are not regularly engaged in the business of utility distribution service to the general public as a regulated utility service provider. However, selection of the Contractor will be based upon the best value to the Government with experience and demonstrated performance included as significant evaluation factors. Potential Contractors are obligated to ensure adequate and dependable utility service to all facilities and equipment serviced. These services shall be in accordance with the all applicable National Standards, state and federal safety, fire and environmental laws/codes and as stated herein for the Fort Hamilton military installation. The Contractor shall own, operate, and maintain each utility in accordance with the New York Public Service Commission (PSC) standards, even if the New York PSC has no jurisdiction within the Fort Hamilton installation. The Contractor shall be responsible for compliance of changed or new state, local and federal laws/regulations. (See Paragraph C.7 Performance Standards)

Consolidated Edison (ConEd) currently supplies Fort Hamilton with electrical power through a separate and independent contract. Natural gas is currently supplied to Fort Hamilton, by Keyspan, formerly Brooklyn Union Gas. Potable water supply and wastewater treatment is provided by New York City Department of Environmental Protection to Fort Hamilton. This RFP for the privatization of the Fort Hamilton electrical, natural gas, the potable water distribution and wastewater collection systems will in no way affect the current contracts for provision of commodity services described above.

### **B.2 DEFINITIONS:**

The following items are to be proposed in a Firm Fixed Price, lump sum methodology in Schedule B-1, but detailed justification and rationale will be required to evaluate appropriate responses for technical sufficiency. The Contractor bears the burden of providing sufficient information for the Government evaluation.

B.2.1 Annual Initial Upgrade: The Contractor=s initial capital investment costs, amortized over a desired period at an annual interest rate, for system improvements to comply with utility standards and any other required/requested services (mapping, unique services, etc.), or new utility distribution system design, construction, and installation costs and required tax payments on the upgraded utility components. It is anticipated that the natural gas, potable water and wastewater utility distribution systems will need either major capital repair or complete reconstruction to comply with modern, stringent Industry Standards. (See paragraph C.7. Performance Standards)

B.2.2 Annual Distribution Costs: The total annual service charge for the nominal ownership, operation, and routine maintenance of the Fort Hamilton electrical, natural gas, potable water, and wastewater utility distribution systems. This cost component includes routine maintenance, preventive maintenance, new service connection, service connection removal, all forms of insurance, all administrative, general and labor

costs, and non-capital related utility distribution system investments to be made on an annual basis. This cost component also includes miscellaneous factors, such as numerous property taxes (if applicable).

B.2.3 Annual Capital Improvement: This cost component includes any capital related investments for the Fort Hamilton electrical, natural gas, potable water and wastewater utility distribution system upgrades or major distribution system repairs forecasted on an annual basis. Forecasted capital expenditures may be averaged and amortized over the contract period or actual expenditures may be estimated for each given year.

B.2.4 Annual Purchase Price: The Contractor=s cost to purchase the Fort Hamilton utility distribution systems, based upon the Contractor=s evaluation of the four (4) utility distribution systems, the systems= conditions, and the systems= fair values. Fort Hamilton does not desire an upfront lump sum payment for the fair value of the utility distribution systems; Fort Hamilton prefers the Purchase Price of the utility distribution systems to be in the form of an annual credit to the utility bill. The Contractor=s purchase price of the Fort Hamilton utility distribution systems shall be amortized over a desired period at an annual interest rate and returned to Fort Hamilton in the form of a credit to the Contractor=s utility bill for the services rendered in this contract. The Annual Purchase Price Credit may be a positive, negative, or zero value depending upon the Contractor=s evaluation and economic justification. Any tax liabilities not previously addressed must also be identified and addressed by the Contractor. Contractors should structure their proposals to provide the best life-cycle cost value to the Government.

B.2.5 Total Annual Cost: The Contractor=s total annual cost of service for the ownership, operation, and maintenance of the electrical, natural gas, potable water, and wastewater utility distribution systems at Fort Hamilton, New York. The Total Annual Cost is the sum of the above described cost components.

**SCHEDULE B-1**

**FORT HAMILTON ANNUAL UTILITY DISTRIBUTION SYSTEM COSTS**

**YEAR 1**

Utility System	Initial Upgrade	Distribution Costs	Capital Upgrades	Purchase Price	Total Amount
Electric	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Natural Gas	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Potable Water	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Wastewater	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total Annual Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 1					\$ _____

**SCHEDULE B-1**

**FORT HAMILTON ANNUAL UTILITY DISTRIBUTION SYSTEM COSTS**

**YEAR 2**

Utility System	Initial Upgrade	Distribution Costs	Capital Upgrades	Purchase Price	Total Amount
Electric	\$_____	\$_____	\$_____	\$_____	\$_____
Natural Gas	\$_____	\$_____	\$_____	\$_____	\$_____
Potable Water	\$_____	\$_____	\$_____	\$_____	\$_____
Wastewater	\$_____	\$_____	\$_____	\$_____	\$_____
Total Annual Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 2					\$_____

**SCHEDULE B-1**

**FORT HAMILTON ANNUAL UTILITY DISTRIBUTION SYSTEM COSTS**

**YEAR 3**

Utility System	Initial Upgrade	Distribution Costs	Capital Upgrades	Purchase Price	Total Amount
Electric	\$_____	\$_____	\$_____	\$_____	\$_____
Natural Gas	\$_____	\$_____	\$_____	\$_____	\$_____
Potable Water	\$_____	\$_____	\$_____	\$_____	\$_____
Wastewater	\$_____	\$_____	\$_____	\$_____	\$_____
Total Annual Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 3					\$_____

**SCHEDULE B-1**

**FORT HAMILTON ANNUAL UTILITY DISTRIBUTION SYSTEM COSTS**

**YEAR 4**

Utility System	Initial Upgrade	Distribution Costs	Capital Upgrades	Purchase Price	Total Amount
Electric	\$_____	\$_____	\$_____	\$_____	\$_____
Natural Gas	\$_____	\$_____	\$_____	\$_____	\$_____
Potable Water	\$_____	\$_____	\$_____	\$_____	\$_____
Wastewater	\$_____	\$_____	\$_____	\$_____	\$_____
Total Annual Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 4					\$_____

**SCHEDULE B-1**

**FORT HAMILTON ANNUAL UTILITY DISTRIBUTION SYSTEM COSTS**

**YEAR 5**

Utility System	Initial Upgrade	Distribution Costs	Capital Upgrades	Purchase Price	Total Amount
Electric	\$_____	\$_____	\$_____	\$_____	\$_____
Natural Gas	\$_____	\$_____	\$_____	\$_____	\$_____
Potable Water	\$_____	\$_____	\$_____	\$_____	\$_____
Wastewater	\$_____	\$_____	\$_____	\$_____	\$_____
Total Annual Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 5					\$_____

**SCHEDULE B-1**

**FORT HAMILTON ANNUAL UTILITY DISTRIBUTION SYSTEM COSTS**

**YEAR 6**

Utility System	Initial Upgrade	Distribution Costs	Capital Upgrades	Purchase Price	Total Amount
Electric	\$_____	\$_____	\$_____	\$_____	\$_____
Natural Gas	\$_____	\$_____	\$_____	\$_____	\$_____
Potable Water	\$_____	\$_____	\$_____	\$_____	\$_____
Wastewater	\$_____	\$_____	\$_____	\$_____	\$_____
Total Annual Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 6					\$_____

**SCHEDULE B-1**

**FORT HAMILTON ANNUAL UTILITY DISTRIBUTION SYSTEM COSTS**

**YEAR 7**

Utility System	Initial Upgrade	Distribution Costs	Capital Upgrades	Purchase Price	Total Amount
Electric	\$_____	\$_____	\$_____	\$_____	\$_____
Natural Gas	\$_____	\$_____	\$_____	\$_____	\$_____
Potable Water	\$_____	\$_____	\$_____	\$_____	\$_____
Wastewater	\$_____	\$_____	\$_____	\$_____	\$_____
Total Annual Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 7					\$_____

**SCHEDULE B-1**

**FORT HAMILTON ANNUAL UTILITY DISTRIBUTION SYSTEM COSTS**

**YEAR 8**

Utility System	Initial Upgrade	Distribution Costs	Capital Upgrades	Purchase Price	Total Amount
Electric	\$_____	\$_____	\$_____	\$_____	\$_____
Natural Gas	\$_____	\$_____	\$_____	\$_____	\$_____
Potable Water	\$_____	\$_____	\$_____	\$_____	\$_____
Wastewater	\$_____	\$_____	\$_____	\$_____	\$_____
Total Annual Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 8					\$_____

**SCHEDULE B-1**

**FORT HAMILTON ANNUAL UTILITY DISTRIBUTION SYSTEM COSTS**

**YEAR 9**

Utility System	Initial Upgrade	Distribution Costs	Capital Upgrades	Purchase Price	Total Amount
Electric	\$_____	\$_____	\$_____	\$_____	\$_____
Natural Gas	\$_____	\$_____	\$_____	\$_____	\$_____
Potable Water	\$_____	\$_____	\$_____	\$_____	\$_____
Wastewater	\$_____	\$_____	\$_____	\$_____	\$_____
Total Annual Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 9					\$_____

**SCHEDULE B-1**

**FORT HAMILTON ANNUAL UTILITY DISTRIBUTION SYSTEM COSTS**

**YEAR 10**

Utility System	Initial Upgrade	Distribution Costs	Capital Upgrades	Purchase Price	Total Amount
Electric	\$_____	\$_____	\$_____	\$_____	\$_____
Natural Gas	\$_____	\$_____	\$_____	\$_____	\$_____
Potable Water	\$_____	\$_____	\$_____	\$_____	\$_____
Wastewater	\$_____	\$_____	\$_____	\$_____	\$_____
Total Annual Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 10					\$_____

*SECTION C*

*DESCRIPTIONS  
SPECIFICATIONS  
WORK STATEMENT*

## C.1 SCOPE AND PURPOSE.

C.1.1 Fort Hamilton ("Installation"), New York, seeks one (1) singly qualified utility service provider or contractor (AContractor≡) to own, operate, and maintain the Fort Hamilton electrical, natural gas, potable water and wastewater distribution systems to distribute electricity, natural gas, potable water, and collect wastewater within the Fort Hamilton installation boundary. The Government will consider proposals from regulated utility service providers and contractors who are not regularly engaged in the business of utility distribution service to the general public as a regulated utility service provider. However, selection of the Contractor will be based upon the best value to the Government with experience and demonstrated performance both in the past and present weighing heavily in the rating factors. Potential Contractors are obligated to ensure adequate and dependable utility service to all facilities and equipment serviced. These services shall be in accordance with the all applicable National Standards, state and federal safety, fire and environmental laws/codes. The Contractor shall own, operate, and maintain each utility in accordance with the New York Public Service Commission (PSC) standards, even if the New York PSC has no jurisdiction within the Fort Hamilton installation. The Contractor shall be responsible for compliance to changed or new state, local and federal laws/regulations. There shall not be any transfer of ownership of buildings at Fort Hamilton, NY. Major components such as substations or lift stations may transfer ownership.

C.1.2 The desired utility distribution service includes but is not limited to the operation, maintenance, repair and improvement of the Installation=s electric, natural gas, potable water distribution and wastewater collection system. The Contractor shall declare and maintain a legally valid right to provide utility distribution service for the Fort Hamilton installation with regard to applicable New York State and federal utility regulatory laws.

## C.2 BACKGROUND.

C.2.1 *Privatization Policy.* The Chief, Army Power Procurement Directorate, U.S. Army Center for Public Works is supporting the Military District of Washington (MDW) and Fort Hamilton=s decision to seek one Contractor to assume ownership of the Installation=s electric, natural gas, potable water and wastewater distribution systems. The initiative is referred to as APrivatization of Government-Owned Utility Systems.≡ Privatization is defined as the transfer of ownership, responsibilities, investments, upgrade, plant replacement, continued operation and maintenance of the Army-owned utility systems to the non-Department of Defense sector. The transfer of ownership of Government-owned property is currently subject to Congressional notification and all agreements made pursuant to this notification are subject to final Congressional approval.

### C.2.2 Utility Distribution System Description and Requirements

#### C.2.2.1 Electric Utility Distribution System Description and Requirements

C.2.2.1.1 *Current Service Arrangements.* Fort Hamilton currently purchases wholesale electric power at 26.4 kV from Consolidated Edison Electric Company (ConEd) at a single primary delivery voltage point near the center of the east boundary of the Installation. This utility system privatization contract will not include the purchase of electricity for Fort Hamilton and will not affect the existing contract for purchase of electricity between Fort Hamilton and ConEd. Fort Hamilton owns and operates an electric utility distribution

system consisting of: one 26.4 kV distribution substation, approximately 3.2 circuit miles of overhead primary distribution lines and approximately 1.3 circuit miles of underground primary lines. The electrical distribution system is owned by Fort Hamilton, but has been maintained and repaired by general service contractors since 1986.

C.2.2.1.2 Electrical Distribution System. The Fort Hamilton Main Substation, which supplies the entire compound, consists of one 26.4 kV metal clad switchgear assembly, and four (4) 2,000 kVA, 26.4 - 4.16 kV power transformers. The 26.4 kV switchgear serves as the termination for the four (4) incoming ConEd 26.4 kV feeders and as the primary side protection for the four (4) power transformers. The 4.16 kV switchgear provides secondary side protection for the four (4) power transformers and control/over-current protection for the eight (8) 4.16 kV feeders (with capacity for four (4) future circuits. The majority of the distribution circuits are configured with loop tie switches to neighboring circuits. The distribution system is composed of overhead pole-line construction (which is conventional, wood pole, open wire construction) with pole mounted transformer banks. Most aerial electric feeders are four (4) No. 4/0 bare hard copper wire, containing 2.4-4.16 kV. There is also a small amount of underground primary construction which utilizes duct type construction and pad mounted transformers. The underground primary facilities are generally arranged in a radial-lateral configuration. Most underground electric feeders are 3" to 42≅ conduit, with four (4) No. 4/0, 3 phase, neoprene insulated, 5 kV cable. There are approximately 149 lamp posts. A number of areas of the electric distribution system may require replacements, improvements or upgrades to conform with commonly accepted industry standards and practices as well as the National Electric Safety Code (NESC).

C.2.2.1.3 Electrical System Requirements. Subject to the terms and conditions hereinafter set forth, the Contractor shall furnish all facilities, labor, materials, tools and equipment necessary to own, maintain and operate, and shall accept full liability for the Fort Hamilton electrical distribution system. The Contractor shall manage the operation, maintenance, repairs, replacement, extension and/or removal of all or portions of the electrical distribution system to ensure adequate and dependable electric service is distributed to each Government or tenant connection within the installation premises. The Contractor shall assume ownership at the point of attachment of the ConEd underground primary power cable to the Ft. Hamilton owned 26.4 kV bus bar inside Facility #132, 26.4 kV Metal Glad Switchgear. See also Paragraph C.7, Performance Standards.

C.2.2.1.4 Transmission Voltage / Demarcation Requirements. Transmission voltage shall be distributed throughout the Installation for transformation to a primary voltage of 4.16 kV. The Contractor shall be responsible for ensuring proper distribution of primary voltage for final transformation to typical operating voltages of 120, 240 V single- and three-phase for each building or facility served. The Government shall assume responsibility at the service entrance (weatherhead typically) for all aerial services and the line-side lugs on the entrance panel after voltage has been reduced to the building or facility distribution voltage for all underground services for each building or facility served.

## **C.2.2.2 Natural Gas Utility Distribution System Description and Requirements**

C.2.2.2.1 Current Service Arrangements. Fort Hamilton currently uses Government-owned facilities to distribute natural gas within the Installation boundaries. The Fort Hamilton natural gas distribution systems operates only on the Fort Hamilton installation for services within the Fort Hamilton boundary. The natural gas distribution system is owned by Fort Hamilton, but has been maintained and repaired by general service contractors since 1986. Natural gas is delivered by Keyspan and connects to the Fort Hamilton

distribution system at three (3) points. One connection point is at the intersection of 101<sup>st</sup> Street and Hamilton Parkway. One other connection point is near the intersection of Battery Avenue and Poly Place which provides natural gas to the high rise apartments; Buildings 136, 137, and 138. The third connection point is along Poly Place and provides natural gas service to Building 135. The natural gas commodity is currently supplied through a Department of Defense (DOD) supply contract and transported to the Fort Hamilton distribution system by Keyspan.

C.2.2.2.2 Natural Gas Distribution System. The Fort Hamilton natural gas distribution system consists of, but is not limited to looped mains following the principal roads. The natural gas distribution system consists of approximately 16,140 feet of pipe, 49 distribution valves and 46 building services. The pipe sizes are from less than two (2) inches to eight (8) inches in diameter. The utility site maps indicate a distribution pressure of six (6) to fourteen (14) pounds per square inch. The distribution piping is steel with welded joints, coated and wrapped. The distribution system is protected by a cathodic protection system. The average depth of the natural gas lines is approximately 30 inches. The majority of the distribution system was installed in the 1950s and 1960s.

C.2.2.2.3 Natural Gas System Requirements. Subject to the terms and conditions hereinafter set forth, the Contractor shall furnish all facilities, labor, materials, tools, and equipment necessary to own, maintain and operate, and shall accept full liability for the Fort Hamilton natural gas distribution system. The Contractor shall manage the maintenance, repairs and replacement of the natural gas distribution system to ensure that adequate and dependable natural gas service is distributed to each Government or tenant connection within the service premises. The Contractor shall be responsible for funding all capital investments required to acquire, maintain and operate the Fort Hamilton natural gas distribution system in a safe, reliable condition and to meet the requirements listed herein. The Contractor shall assume ownership of the "Fort Hamilton Side" of each natural gas meter. These are the connections of the Government's system to Keyspan's upstream distribution and transmission systems.

C.2.2.2.4 Demarcation Requirements. The Government shall assume responsibility from the downstream-side of building service entrance for the natural gas. The Contractor shall assume responsibility from the upstream-side of the building service entrance.

### **C.2.2.3 Potable Water Utility Distribution System Description and Requirements**

C.2.2.3.1 Current Service Arrangements The Fort Hamilton potable water distribution system consists exclusively of a water line distribution system. Fort Hamilton purchases and is delivered treated potable water from the New York City Department of Environmental Protection, Bureau of Water Mains. The water distribution system is owned by Fort Hamilton, but has been maintained and repaired by general service contractors since 1986. Potable water is delivered to Fort Hamilton by the City of New York City at three (3) locations. Double meters are located at delivery pits number one and number three, and a single meter is located at delivery pit number two.

C.2.2.3.2 Potable Water Distribution System. The potable water distribution lines from the three delivery points are cast iron except where replacements have been made of ductile iron. There are approximately 31,000 feet of water lines in the distribution system. Water system pressure is approximately 78 pounds per square inch on average but ranges between 55 to 90 pounds per square inch. There are no elevated water storage tanks on the Installation. There are approximately 56 fire hydrants. The potable water distribution system was constructed in the 1950's and late 1960's with limited replacements since. It is estimated that the

annual potable water usage at Fort Hamilton is 80.0 million gallons. The daily population on base is approximately 3,750 people.

C.2.2.3.3 Potable Water System Requirements. The Fort Hamilton potable water distribution system shall be operated and maintained in accordance with New York City standards, New York Public Service Commission and other applicable health, safety, environmental and operational laws, regulations or standards. The Utility shall modify its service practices as required when applicable federal, state or local laws, regulations or standards are changed or new ones are placed into effect. The total potable water demand will also include fire protection. The required fire demand at Fort Hamilton is for a single fire four (4) hours in duration, requiring 2,000 gallons per minute in addition to 50% of the peak domestic flow which could occur during an emergency.

C.2.2.3.4 Service Laterals. The privatized potable water distribution system shall include service laterals. A service lateral is defined as the smaller-diameter (normally 1 inch or less) lines that connect each building to the upstream distribution mains. The distribution mains are the larger-diameter (normally greater than 1 inch) lines. Service laterals extend to the exterior walls of the building served by the lateral.

## **C.2.2.4 Wastewater Utility Distribution System Description and Requirements**

C.2.2.4.1 Current Service Arrangements The Fort Hamilton wastewater utility system consists exclusively of a collection system and a single lift station. The Fort Hamilton installation does not own or operate any sewage treatment facilities. All sewage generated at Fort Hamilton is pumped to the City of New York for treatment at five (5) connection points. Fort Hamilton's wastewater system was originally installed in the 1950's and has been operated, maintained and repaired by a contractor since 1986.

C.2.2.4.2 Wastewater Collection System. The Fort Hamilton wastewater system enters the City of New York City's sewage system at five (5) connection points. The majority of the sewage flows to a lift station located west of the old Fort Hamilton between Hamilton Parkway access ramps. The lift station then pumps the sewage to a manhole where it flows by gravity to the New York City sewer system located near the intersection of Hamilton Parkway and 101<sup>st</sup> Street. There is approximately 24,000 feet of vitrified Clay Pipe with diameters from 6" to 30". There is approximately 74 building services and 136 manholes. The single lift station is a duplex station with a wet well/dry well and two (2) - 3400 gallon per minute electric pumps. The lift station does have a dedicated emergency generator to supply emergency power during a power outage. A portion of the Fort Hamilton wastewater system is combined with the storm water system.

C.2.2.4.3 Wastewater Collection System Requirements. The Fort Hamilton Wastewater Collection system shall be operated and maintained in accordance with, New York City standards, the New York Public Service Commission and other applicable health, safety, environmental and operational laws, regulations or standards. The Contractor shall modify its service practices as required when applicable federal, state or local laws, regulations or standards are changed or new ones are placed into effect.

C.2.2.4.4 Service Laterals. The privatized wastewater collection system shall include service laterals. A service lateral is defined as the smaller-diameter (normally 6 inch or less) lines that connect each service building to the wastewater force mains. The collection mains are larger-diameter (normally greater

than 12 inch) lines. Service laterals extend to the exterior walls of the building served by the lateral.

### **C.3 REQUIREMENT.**

C.3.1 Subject to the terms and conditions hereinafter set forth, the Contractor shall furnish all facilities, labor, materials, tools, and equipment necessary to own, maintain and operate the Fort Hamilton electric, natural gas and potable water distribution systems and the wastewater collection system. The Contractor shall manage the operation, maintenance, repairs, replacement, extension and/or removal of all or portions of the electric, natural gas, potable water and wastewater utility systems to ensure adequate and dependable utility service is provided to each Government or tenant connection within the service premises. The Contractor shall be responsible for funding all capital investments required to acquire, maintain and operate the Fort Hamilton electric, natural gas, potable water and wastewater utility distribution systems in a safe, reliable condition in accordance with the requirements listed herein (see paragraph C.7 Performance Standards). The Contractor shall assume ownership of the Fort Hamilton electric, natural gas, potable water and wastewater utility systems within the service premise. The transfer of ownership of the Fort Hamilton utility systems will be accomplished through an easement to be executed by the U.S. Army Corps of Engineers, New York District, Real Estate Office. A sample utility easement is attached in Section J, List of Attachments.

### **C.4 OWNERSHIP AND DISPOSITION OF FACILITIES.**

C.4.1 Ownership. It is the intent of the Government to convey all electric, natural gas, potable and wastewater distribution/collection facilities at Fort Hamilton to the Contractor and the Contractor shall assume full ownership and associated liabilities for such facilities. The purchase of electricity, natural gas, potable water and sewage treatment will not be part of this RFP, and shall not affect the current contractual procurement of these commodities. The Contractor shall not sell or transfer ownership or responsibility for operations and maintenance without prior written approval of the Government. The Government's decision to withhold approval shall not be subject to the Disputes provision of this contract contained in Section I, Contract Clauses.

C.4.2 Secondary Meters. Fort Hamilton will continue full ownership all existing secondary meters. The Government reserves the right to have the Contractor install meters on all buildings served by the distribution system. The cost of such installations will be paid by Fort Hamilton.

C.4.3 Tools and Equipment. Unless otherwise specified, government-owned tools, vehicles and equipment that are not a physical part of the electric, natural gas, potable water or wastewater utility systems and are used by the Government for system operation and maintenance will remain the property of the Government.

C.4.4 Disposition of Removed or Salvaged Materials. The removal and disposition of facilities and materials that are not used and useful for the purpose of providing utility services within the Installation shall be the responsibility of the Contractor. The net value, if any, of such scrapped or salvaged facilities or material shall be retired and tracked by the Contractor's accounting procedures.

C.4.5 Contractor's Facilities. Unless otherwise provided for in this contract, the Contractor, at its expense, shall furnish, install, operate and maintain all facilities required to furnish the service hereunder. Title to all these facilities shall remain with the Contractor and it shall be responsible for all loss of or damage to these facilities, except that arising out of the fault or negligence of the Government, its agents, or its employees. All taxes and other charges in connection therewith, together with all liability arising out of the negligence of the

Contractor from the construction, operation or maintenance of these facilities shall be assumed by the Contractor.

C.4.6 *AAs Built@Drawings*. The Contractor shall maintain AAs built drawings for all facilities installed by the Contractor on the service premises. The Government may inspect and copy such drawings and the Contractor shall provide available drawings to the Government in the form of CAD-CAM disks within 30 days from the completion of all utility distribution projects.

C.4.7 *Disposition Upon Expiration or Termination*. Upon expiration or termination of this contract, the Government shall have the option to negotiate a sole source contract with the Contractor or reacquire the facilities as described in Section H. Reacquisition of the utility facilities will be performed only when it is determined to be in the best interest of the Government. This determination may be based upon, but not be limited to, the following: where life-cycle cost analysis based on costs incurred during the term of this contract indicate that it is more cost effective for the Government to own and operate the system after expiration of this contract; poor performance by Contractor; determination that Contractor has not dealt fairly with the Government in pricing of services or in installation of additional (excess or unnecessary) distribution/collection facilities in order to make more profit; or failure of the Contractor and the Government to negotiate a new contract. The Contractor's unrecovered investment will be determined as set forth in Paragraph H.9, Termination Liability. See also Termination for Default, Termination for the Convenience of the Government, and Termination Liability, in Section I, Contract Clauses.

C.4.8 *Right Of First Offer*.

C.4.8.1 The Contractor shall not sell or agree to sell all or any part of the Fort Hamilton Utility Distribution Systems in a single transaction or a series of related transactions without first offering to sell it to the Government. Prior to the Contractor entering into an agreement for the marketing of any portion of the Utility Distribution Systems in a single transaction or a series of transactions or otherwise selling or agreeing to sell any portion of the Utility Distribution Systems in a single transaction or a series of related transactions, the Contractor shall offer in writing ("First Offer") to sell all or substantially all of the Utility Distribution Systems to the Government on the same terms and conditions that the Contractor would then be willing to offer to a third party. The First Offer shall, at a minimum, include the following information (See also Paragraph C.20, Change in Capacity Requirements or Character);

- (i) the purchase price;
- (ii) the method of payment of the purchase price;
- (iii) the amount and terms of any potential Contractor financing;
- (iv) the amount of the required earnest money deposit; and
- (v) the time and location for the close of escrow.

C.4.8.2 The Government shall have One Hundred Eighty (180) days from the date of the First Offer or any mutually agreed period to accept the First Offer ("Acceptance Period") by delivering to the Contractor acceptance on or before 5:00 p.m., Eastern Standard Time, on the last day of the Acceptance Period. If the Government fails to accept the First Offer before the Acceptance Period ends, the First Offer shall be deemed rejected.

C.4.8.3 If the Government responds to the First Offer with anything other than an unequivocal, unconditional acceptance or rejection, the Right of First Offer shall terminate and the response shall be deemed

an offer to purchase the Utility Distribution Systems on the terms and conditions in the response ("Counter Offer"). The Contractor shall be entitled to accept or reject the Counter Offer at the Contractor's sole discretion, and if the Contractor rejects the Counter Offer, the Contractor shall have no further obligations hereunder except as cited in the following paragraph C.4.8.4.

C.4.8.4 The Contractor shall not negotiate a more advantageous offer with a third party than is offered to the Government. If the Counter Offer proposed by the Government is rejected by the Contractor, and subsequent negotiations are held with a third party by the Contractor that result in a revised offer to purchase by the third party, then the Contractor will begin the process as stated in Paragraph 4.8.1, Right of First Offer.

C.4.8.5 Government's Right of First Offer shall begin with the date that ownership of the Utility Distribution Systems is transferred to the Contractor by the Government and continue until Fort Hamilton ceases to be an active military base ("Term"), unless terminated sooner in accordance with the terms hereof.

C.4.8.6 This right of first offer shall automatically terminate and have no further effect upon the first of the following events to occur:

- (i) The expiration of the Term;
- (ii) Government assigns or attempts to assign Government's rights hereunder;
- (iii) Government rejects a First Offer and the Contractor subsequently consummates a sale of the Utility Distribution Systems to a third party at the same terms of the original First Offer pursuant to the terms hereof;
- (iv) The purchase of the Utility Distribution Systems by the Government.

## **C.5 SPECIFIC PREMISES TO BE SERVED.**

C.5.1 All facilities that use electricity, natural gas, potable water or which generate wastewater located at Fort Hamilton, NY. See attached map in Section J, List of Attachments.

## **C.6 CONTINUITY OF SERVICE, INTERRUPTION / EMERGENCY RESPONSE.**

C.6.1 Outage Liability. The Contractor shall use reasonable diligence to provide an uninterrupted supply of electric, natural gas, potable water and wastewater service at each service location, but shall not be liable for damages, breach of contract or otherwise to the Government for failure, suspension or other variations of service occasioned by or in consequence of any cause beyond the control of the Contractor, including acts of God or of the public enemy, fires, floods, earthquakes or other catastrophic failure or breakdown of outside transmission or other facilities. If any such failure, suspension or other variation of service shall aggregate more than four (4) hours for any facility service location during any billing period hereunder, an equitable adjustment shall be made in the monthly billing specified in this contract. The adjustment shall be equal to the installed capacity for each affected facility/service location, multiplied by the aggregate outage time in the month, multiplied by the Government's average commodity charge for a similar facility service or customer served under his existing rates and any other costs as deemed reasonable by the Government. Any failure to reach agreement on time periods and other reasonable costs shall be pursuant to Section I, Contract Clauses, I.47, 52.233-1, Disputes (Oct, 1995).

C.6.2 Minor Problems/Service Requests. The Contractor shall respond to Fort Hamilton=s requests/problems during normal duty hours and non-duty hours.

C.6.3 Outages (Normal working hours: 7:00 a.m. - 4:00 p.m., Monday through Friday). The Contractor shall respond to a utility service outage and begin to work on the problem within forty-five (45) minutes of the occurrence. A utility service outage is defined as loss of electricity, natural gas, potable water to or wastewater from one or more buildings, one or more distribution circuits or mains, or the entire Installation. The Contractor shall have in place a mechanism, a means or procedure by which Fort Hamilton=s DPW personnel can quickly notify the Contractor of the outage. If there is an order of precedence of numbers/Contractor personnel to call, the Contractor shall clearly define that precedence. If the utility service outage is widespread and affects more than Fort Hamilton, the Contractor should advise Fort Hamilton=s DPW personnel of the Installation=s restoration of utility service priority.

C.6.4 Outages (Outside of normal working hours). The Contractor shall be able to respond to a utility service outage and begin to work on the problem within ninety (90) minutes of the occurrence. The Contractor shall have in place a mechanism, a means or a procedure by which Fort Hamilton's DPW personnel can quickly notify the Contractor of the outage. If there is an order of precedence of numbers/Contractor personnel to call, the Contractor shall clearly define that precedence. If the utility service outage is widespread and affects more than Fort Hamilton, the Contractor should advise Fort Hamilton's DPW personnel of the Installation=s restoration of utility service priority.

C.6.5 Major Storm Damage and Outage Restoration Priority. The Contractor shall have in place a mechanism, a means or a procedure by which Fort Hamilton's DPW personnel can quickly notify the Contractor of the outage/damage. The Contractor shall have an emergency plan in place for such an occurrence. The Contractor shall carry and maintain catastrophic insurance as is practicable for the Fort Hamilton Utility Distribution Systems, or self-insure for approximately 75% of the replacement value of the four (4) Utility Distribution Systems. If the storm damage is widespread and affects more than Fort Hamilton, Fort Hamilton's DPW personnel must be advised of the Installation=s restoration of utility service priority. The Contractor shall notify Fort Hamilton's DPW personnel of the situation/priority as soon as possible. The proposals for this contract will include a Service Restoration Plan listing of current priority and a plan for integration of Fort Hamilton priority utility service into the Contractor=s restoration plan. The Government requires first priority response for service restoration to mission-critical facilities during national emergencies, deployments and alerts. The priority response will take into consideration the Contractor=s other critical civilian priorities (life-safety priorities such as hospitals).

C.6.6 Special Conditions. In the event of special situations such as a national/state emergency, military exercise, alert, etc., the Contractor shall have a plan in place in which standby personnel are positioned to handle short notifications of utility service outages and/or utility service conditions. The Government reserves the right to adjust the Contractor's response time as the condition may warrant. If possible, Fort Hamilton DPW personnel will give the Contractor advanced notification of the event.

## **C.7 PERFORMANCE STANDARDS.**

C.7.1 General Performance Standards. Unless otherwise provided for in this contract, the Contractor shall perform its required services in accordance with its standard construction, operations, maintenance, management, safety and other relevant standards, written or otherwise, that apply to its public utility service

customers (if applicable) or general public customers whose service characteristics, either individually or collectively, are comparable to the service characteristics for Fort Hamilton. The Contractor shall provide the Government a copy of all publically-available and applicable ordinances, rates, standards, operating policies or standard operating procedures, as well as modification thereto as they are made and enacted. The Contractor shall be responsible when local, state and federal laws/regulations are changed or new ones are placed into effect.

*C.7.2 Electric Performance Standards.* The Fort Hamilton electric distribution system shall be owned, operated, and maintained in accordance with the National Electric Safety Code (ANSI-C2), National Electric Code (NEC), Army Regulation 420-49, Utility Services, all applicable state, federal, local, safety, fire, and environmental laws or codes, and all City of New York City and State Public Service Commission of New York rules, regulations, standards, and codes (including Order Adopting Changes to Standards on Reliability and Quality of Service dated 26 Feb 1997, or as revised thereafter) whether applicable to the Fort Hamilton jurisdiction or not.

*C.7.2.1 New York PSC Standards on Reliability and Quality.* As described by the New York PSC Order Adopting Changes to Standards on Reliability and Quality of Service dated 26 Feb 1997, the calculation of the System Average Interruption Frequency Index (SAIFI) and the Consumer Average Interruption Duration Index (CAIDI) shall exclude interruptions caused by the Electric Commodity Supplier, currently ConEd. The calculation of the SAIFI and CAIDI shall be included in the O&M Plan as described in paragraph H.2.1.2., O&M Plan.

*C.7.3 Natural Gas Performance Standards.* The Fort Hamilton natural gas distribution system shall be in accordance with the Code of Federal Regulations (CFR), Title 49; Department of Transportation (DOT), Sections 190, 191, 192, and 199; Army Regulation 420-49, Utility Services, state, local, and federal safety, fire and environmental laws/codes; and all New York City and State Public Service Commission of New York rules, regulations, standards and codes whether applicable to the Fort Hamilton jurisdiction or not.

*C.7.4 Potable Water Performance Standards.* The Fort Hamilton potable water distribution system shall manage the operation, maintenance, repairs, replacement, extension and/or removal of all or portions of the potable water system to ensure that adequate and dependable potable water utility service is provided to each Government or tenant connection within the service premises and to comply with Army Regulation 420-49, Utility Services and all applicable Federal, state and local environmental, health and safety laws and regulations and fire protection, and all New York City and State Public Service Commission of New York rules, regulations, standards and codes (including New York Administrative Code for Public Water Supply Construction, and Water Pollution Control Standards) whether applicable to the Fort Hamilton jurisdiction or not. All environmental permitting issues will be the responsibility of the successful Contractor.

*C.7.5 Wastewater Performance Standards.* The Fort Hamilton wastewater distribution system shall be in accordance with Army Regulation 420-49, Utility Services, and applicable health, safety, environmental, operational laws, regulations or standards and all City of New York City and State Public Service Commission of New York rules, regulations, standards, and codes (including New York Administrative Code for Public Water Supply Construction, and Water Pollution Control Standards) whether applicable to the Fort Hamilton jurisdiction or not. All environmental permitting issues will be the responsibility of the successful Contractor.

## **C.8 COORDINATION OF WORK ON INSTALLATION.**

C.8.1 Routine Work. Routine work, such as the scheduled replacement or retirement/removal of electric, natural gas, potable water or wastewater utility facilities, shall be coordinated with the Fort Hamilton DPW on a monthly basis to ensure minimal impact to Installation missions and operations. A single point of contact will be provided by each party for coordination, except as noted herein.

C.8.2 Service and Trouble Calls. The Contractor=s 24-hour Service Office telephone number will be published on Fort Hamilton. The Government employee responsible for the building or facility experiencing service outages or trouble will call the Contractor=s Service Office to report this outage. Restoration of service shall be coordinated with the person responsible for the building or facility. The Contractor shall record service outage calls, documenting time of call, time of service restoration and cause of outage. This information shall be provided to Fort Hamilton on a monthly basis.

C.8.3 Connections/Disconnections. The Contractor shall be responsible for adding additional service points and/or deleting service points that are no longer required at the discretion of the federal Contracting Officer. A single point of contact will be provided by each party for coordination. Any costs of these connections/disconnections are to be incorporated into the Contractor=s Annual O&M Plan and included as part of the Annual Distribution Cost.

C.8.4 Temporary Service. The extension of temporary service to contractors performing construction projects for the Government shall be negotiated directly with the Utility Contractor (successful offeror of this RFP), with details provided to Fort Hamilton DPW. The construction contractor should be provided with the Utility Contractors= POC phone number for coordination.

C.8.5 Scheduled Utility Outages. The Contractor shall cooperate with the Government and contractors of the Government to facilitate utility outages and underground utilities location markings to allow construction/repairs on the Installation. Scheduled outages shall be coordinated with the Directorate of Public Works ten working days prior to the scheduled outage. The Government reserves the right to either disapprove a scheduled utility outage or to cancel at any time, before or during, a scheduled utility outage if such outage might adversely affect Government missions and operations. In the event of such disapproval or cancellation, the parties will coordinate a mutually-acceptable alternative time for the scheduled outage.

C.8.6 Digging Permits and Notifications. For routine excavations, each party (Government or Contractor) shall provide five working days notice to the other party (Contractor or Government) of intention to dig. Notification shall include the name, address, phone number of person making request, exact location, extent, nature and duration of the excavation. The requesting party shall mark the proposed excavation location in white no more than 24 hours prior to providing notification and shall meet with the non-requesting party (Government or Contractor) personnel by appointment at the site (if requested) to discuss details. The requesting party will either locate and mark underground facilities and obstructions or request a site meeting within 72 hours of notification. A log of requests will be kept by the notification services using a number of track requests and permits. All parties will record and refer to tracking numbers in correspondence. Digging without notification and permit will be at the risk of the party performing work and such party will be liable for all damages and repairs. No routine, non-emergency digging or excavation shall be performed on the service premise after 1600 hours on weekdays or anytime on weekends unless prior approval is obtained. A copy of the Fort Hamilton Digging Permit will be attached in Section J, List of Attachments.

## **C.9 UTILITY SYSTEM INVENTORY.**

An order-of-magnitude Utility System Inventory for the electric, natural gas, potable water and wastewater utility systems is attached in Section J, List of Attachments.

**C.10 COMPLIANCE WITH ENVIRONMENTAL AND SAFETY LAWS/CODES.**

The Contractor shall comply with all federal, state and local environmental and safety laws and shall prepare environmental assessments, studies and coordination applicable to federal, state and local agencies required to execute their portion of this contract. This shall include, but not be limited to, all assessments, studies, permitting and coordination required to comply with Federal, state and local laws regarding endangered species, historic/archaeological preservations and hazardous/toxic materials. The Government will perform assessments necessary to determine and define existing environmental conditions within the easement boundaries granted to the Contractor up to the time that the physical plant is conveyed to the Contractor. An Environmental Assessment (EA) or Record Of Environmental Consideration (REC) will be performed by the Government prior to issuance of an Easement as part of the Real Estate Transfer performed by the U.S. Army Corps of Engineers, New York District, Real Estate Office. See Sample Easement, in Section J, List of Attachments.

**C.11 BILLING METHODOLOGY.**

All services rendered by the Contractor shall be billed on monthly invoices to the Fort Hamilton Directorate of Public Works.

**C.12 METERING AND PAYMENT.**

The Contractor's invoice/bill shall contain data to substantiate the billing at the end of each monthly billing period. This shall include all data as may be required by the Contracting Officer. All bills for payment of services rendered shall be paid in accordance with the payment provisions of applicable rate schedules, riders, rules, regulations and terms and conditions approved by the Contracting Officer.

**C.13 EASEMENT AND RIGHT OF WAY.**

C.13.1 The Government will provide easements and/or right-of-way access to the equipment and/or facilities conveyed to the Contractor. The Contractor shall be responsible for obtaining easement and/or rights of way for access to equipment and/or facilities not conveyed by this contract and for any new or rerouted systems to be covered or to be under this contract. Requests for easements and/or rights of way shall be submitted to the Fort Hamilton Directorate of Public Works for approval. See Sample Easement Document, Section J, List of Attachments.

C.13.2 The Contractor shall perform tree trimming and right-of-way maintenance. Any easement and/or right of way that will result in the trimming and/or removal of trees will be contingent upon environmental and historical considerations.

**C.14 ACCESS TO THE INSTALLATION.**

C.14.1 *Permit or License.* The Government will grant the Contractor a revocable permit or license to enter the service premises for any proper purpose under this contract, subject to certain restrictions. This permit or license includes the use of the site or sites agreed upon by the parties for the installation, operation, maintenance and repair of the facilities of the Contractor located upon the service premises.

C.14.2 *Routine Access*. The Contractor shall be authorized routine access for system operation and maintenance, restoration of service or meter reading.

#### **C.15 JOINT-USE OF UTILITY POLES.**

C.15.1 The Contractor shall prepare and the Government will execute a joint use agreement which allows the Government to utilize pole space at no charge. The Contractor shall submit a proposed joint use agreement which includes provisions for the Installation=s telecommunications lines and other Government-owned signal systems.

C.15.2 The Contractor shall execute joint-use agreements with each Installation=s local telephone service provider and television/cable service company. These agreement shall define: responsibilities of the joint use parties; space allowances on the pole line for each user; and the charge for replacement of poles (at the user=s request). The cable television joint use attachment shall be at no charge until after the expiration of the Installation=s current contract with (CTV contractor) and procurement of a new contract is in place, at no additional charge to Fort Hamilton.

#### **C.16 JOINT USE OF A UTILITY DUCTBANK.**

The Government reserves the right to utilize existing or replacement ductbank on the service premise without charge where existing supply and/or signal/communication cables are installed with supply cables to be transferred to the Contractor. Such ducts will be identified by the Contractor as part of its inventory before the transfer of Government-owned assets (after award of the contract).

#### **C.17 SUPPORT SERVICES / UTILITIES.**

In the event that the Contractor locates utility distribution support facilities on the service premises, the following services and utilities shall be provided and billed to the Contractor at a rates consistent with other non-Army tenants:

- a. Natural Gas
- b. Electricity
- c. Sewage
- d. Potable Water
- e. Refuse Collection

#### **C.18 DURATION OF CONTRACT.**

The Contractor agrees to furnish and the Government agrees to purchase electrical, natural gas, potable water utility distribution service and wastewater collection service as set forth in this section for a period of ten (10) years, unless paragraph C.4.7., Disposition Upon Expiration or Termination becomes effective. The Contractor shall have an obligation to provide electric, natural gas, potable water and wastewater utility distribution/collection service to Fort Hamilton notwithstanding the term of this contract. This contract, including all applicable terms and conditions, shall be for a term of 10 years from the date signed by the federal Contracting Officer and shall continue thereafter unless terminated at the option of the government by the provision of written notice not less than 90 days in advance of the effective date of termination.

**C.19 SURPLUS MATERIALS.**

Surplus materials which are presently the property of the Government will be inventoried and offered to the Contractor based on the appraised negotiated value of the materials.

**C.20 CHANGE IN CAPACITY REQUIREMENTS OR CHARACTER.**

Reasonable notice shall be given by the federal Contracting Officer to the Contractor regarding any material changes anticipated in the system capacity or characteristics of the service required at each service location. The Contracting Officer shall provide the Contractor a copy of updates to Fort Hamilton planning documents. FAR Clause 52.241-8, Change in rates or terms and conditions of service for un-regulated services, (see Section I, Contract Clauses) also describes procedures to be followed if a change of capacity requirements or character materially change the contract terms or conditions.

**C.21 DELIVERABLES.**

After the contract award, the Contractor shall develop a quarterly five (5) year Capital Improvement Plan, a monthly O&M Report, a quarterly Compliance Report that provides the Installation with evidence of meeting all Performance Standards (cited in Paragraph C.7, Performance Standards), and an annual Service Restoration Plan to indicate how the Contractor will handle outages.. See also paragraph H.2, Project Reports.

**C.22 BUY BACK PROVISION.**

The Government must maintain reliable utility service to Fort Hamilton, even in the absence of a utility service contract. Failure to reach a mutually agreeable service contract will be considered as an Aabandonment≡ in accordance with Paragraph 16, Termination in the Sample Easement Document. See Section J, List of Attachments. 30 days Prior to termination of this contract and in addition to the requirements of FAR 52.241-10, Termination Liability, the Government shall assume ownership of the Fort Hamilton electrical, natural gas, potable water and wastewater distribution systems if a mutually agreed utility service contract is not in place. The Contractor owned distribution system capital investments will be fully recovered through FAR 52.241-10, Termination Liability. It is the intent of the Government to negotiate in good faith with the Contractor for subsequent utility service contracts and the hope that the Contractor will negotiate in good faith with the Government.

*SECTION H*

*SPECIAL CONTRACT REQUIREMENTS*

## **H.0 SPECIAL CONTRACT REQUIREMENTS**

### **H.1 CAPITAL INVESTMENTS.**

H.1.1 *Funding Responsibility.* The Contractor shall be responsible for funding all capital investments required to acquire, maintain and operate the Fort Hamilton electrical, natural gas, potable water and wastewater distribution systems in a safe, reliable condition, and to meet the requirements listed herein. Cost of acquisition of the system should be capitalized and recovered over a desired amortization period. Costs of expansion or upgrades of the system will be funded by the Contractor as capital investment and recovered over a period that is consistent with the Contractor=s standard capital investment recovery process.

H.1.2 *Capital Investment for System Upgrade/Enhancements (not associated with new or renovated facilities).* The Contractor will be responsible for funding all capital investments required for system upgrades/enhancements. The Contractor will prepare budgetary cost estimates as requested by the federal Contracting Officer. The amortization period and capital recovery period shall be in accordance with the Contractor=s standard methodology. The Contractor and the Government will discuss and negotiate the portion of Government pre-payment and amortization period. Close cooperation between the Contractor and the Government will be paramount to a successful and rewarding contract.

### **H.2 PROJECT REPORTS.**

H.2.1 *Capital Improvement Plan.* The Capital Improvement Plan (CIP) shall identify major distribution system facility expansions, replacements, relocations, or abandonment as may be needed, identification of each project as non-capital or capital related project, the amortization period and interest rate if applicable, and cost estimate. The Capital Improvement Plan shall describe the statement of need, estimated installed cost with detailed price components, project schedule for each improvement project or item, preliminary design data and backup calculations. The Capital Improvement Plan shall be submitted quarterly following the contract award date. A Initial Capital Improvement Plan shall be submitted as part of the Contractor=s proposal to indicate major capital improvements planned for the first year of Contractor ownership of the Fort Hamilton utility distribution systems. The Initial Capital Improvement Plan shall contain the same level of detail as described for the quarterly Capital Improvement Plan described previously in this paragraph.

H.2.2 *Compliance Report.* The Compliance Report shall include the Contractor=s documentation of meeting the requirements of the Performance Standards in paragraph C.7, Performance Standards. The Contractor shall include sufficient detail for the Installation to verify that all required performance standards are currently being met by the Contractor. The Compliance Report shall include all calculations as required by the specifications cited in Paragraph C.7, Performance Requirements. The Compliance Report shall be submitted on a quarterly basis following the contract award date. A proposed Compliance Report shall be submitted as part of the Contractor=s proposal to indicate how the Contractor plans to meet the requirements specified in Paragraph C.7, Performance Requirements with the existing Fort Hamilton utility distribution systems.

H.2.3 *O&M Plan.* The Operation and Maintenance Plan (O&M Plan) shall contain the actual expenditures of the Contractor to include actual manhours, labor hour costs, equipment used and time of equipment use, list of materials used, cost of materials used, all overhead components, and Administrative and General (A&G) expenses for each monthly period. The O&M Plan reporting period shall match the billing period

determined by the Contractor. The O&M Plan shall be submitted on a quarterly basis (or billing period as determined by the Contractor) following the contract award date. An Initial O&M Plan shall be submitted as part of the Contractor's proposal to indicate the proposed manhours, labor hour costs, equipment used, time of equipment use, list of materials used, cost of materials used, all overhead components, and Administrative and General (A&G) expenses for the next upcoming 6 months. At the end of each calendar year the Contractor shall submit a Summary O&M Plan which indicates the year's expenditures in manhours, labor costs, equipment, equipment costs, materials, material costs, overhead costs and A&G costs. The Summary O&M Report shall also include a section containing lessons learned by the Contractor of the previous year of operation and ownership of the Fort Hamilton utility distribution systems.

H.2.4 Service Restoration Plan. The Service Restoration Plan shall include a section containing the Contractor's service restoration plan for the Fort Hamilton electric, natural gas, potable water distribution and wastewater collection systems. Each utility system shall be addressed individually. The Service Restoration Plan shall indicate the Contractor's plan respond to the requirements stated in Paragraphs C.6.3 Outages (Normal Working Hours) and C.6.4 Outages (Outside of Normal Working Hours) included personnel resource availability and location. The Service Restoration Plan shall also include the priority of Fort Hamilton customers considering health and safety requirements inside and outside of the Installation boundary. The Service Restoration Plan shall be submitted on an annual basis following the contract award date.

H.2.5 Transition Plan The Transition Plan shall address steps necessary for the Contractor to assume ownership of the Fort Hamilton utility distribution systems in a timely and efficient manner. The Transition Plan shall include a schedule for from date of contract award for the Contractor to mobilize and initiate repairs or upgrades to the utility distribution systems. The Transition Plan shall be submitted as part of the Contractor's proposal and will be not required thereafter.

### H.3 RATES AND CHARGES.

H.3.1 Rate Structure. The Rate Structure for consolidated utility service shall consist of four (4) parts: AInitial Upgrade, ADistribution Costs, ACapital Investments, and APurchase Price.

H.3.2 Monthly Consolidated Utility Service Charge. The Monthly Consolidated Utility Service Charge shall be based on the estimated operations and maintenance costs from the Annual O&M Plan, capitalization principal, amortized payments and franchise fees, divided by the number of months in the billing year. Said monthly charge shall be determined by the formula as follows and as illustrated in the Example Calculation of Monthly Consolidated Utility Service Charge provided as Table L-1:

$$MCUSC = [ (AIU + ADC + ACI - APP) ) BP ] , \text{ where}$$

MCUSC = Monthly Consolidated Utility Service Charge (\$)  
 AIU = Annual Initial Upgrades (\$)  
 ADC = Annual Distribution Costs (\$)  
 ACI = Annual Capital Investments (\$)  
 APP = Annual Purchase Price (\$)  
 BP = Billing Period

See Paragraph B.2 Definitions, for the definitions to the above terms..

#### **H.4 NEW YORK PUBLIC SERVICE COMMISSION JURISDICTION.**

The Contractor shall provide written documentation if economic regulation is required by the New York Public Service Commission (NYPSC) and whether approval by the NYPSC of the contract is required prior to execution by the Contractor.

#### **H.5 ACCOUNTING PROCEDURES.**

H.5.1 The Contractor shall separately record all costs and payments associated with the provision of electric, natural gas, potable water and wastewater utility service to the Installation using the prescribed National Association of Regulatory Utility Commissioner=s (NARUC) Uniform System of Accounts (USOA), as supplemented by the Contractor=s standard accounting procedures and generally recognized accounting practices and principles; provided, however, that such supplemental procedures and practices are fully consistent with the NARUC USOA.

H.5.2 The Government shall have the right at reasonable times and upon reasonable notice to inspect the Contractor's records as they relate to the performance or determination of rates under this contract.

#### **H.6 ELECTRIC, NATURAL GAS, POTABLE WATER AND WASTEWATER SYSTEM FACILITIES.**

H.6.1 It is the intention of the Government to transfer ownership to the Contractor of all Government-owned facilities required to furnish electric, natural gas, potable water distribution, and wastewater collection service to Fort Hamilton, New York upon requesting and obtaining Department of the Army and/or Congressional approvals. Prior to obtaining the requisite approvals, all such facilities shall continue to be owned by the Government.

H.6.1.1 Title to such facilities shall transfer to the Contractor upon the receipt by the Contractor of the Government's written notice to this effect; provided, however, that the transfer of facility ownership shall be subject to reasonable reservations or conditions as set forth in the notice. The parties shall prepare and execute such additional documents as may be necessary to implement the ownership transfer. No buildings are anticipated to be transferred as part of this contract.

H.6.1.2 Upon the transfer of facility ownership from the Government to the Contractor, and unless otherwise provided for in this contract, the Contractor, at its expense, shall furnish, install, operate and maintain all facilities required for the distribution of electric, natural gas and potable water and collection of wastewater within the service premise. Title of all these facilities shall remain with the Contractor and it shall be responsible for all loss of or damage to these facilities, except that arising out of the fault or negligence of the Government, its agents or its employees. All taxes and other charges in connection therewith, together with all liability arising out of the negligence of the Contractor from the construction, operation or maintenance of these facilities, shall be assumed by the Contractor.

H.6.2 The Government expressly reserves the right to require the transfer of all or any portion of Contractor-owned electric, natural gas, potable water and wastewater service facilities, whether acquired by the Contractor as a transfer of Government-owned facilities or installed by the Contractor, to the Government, upon the termination of this contract. The parties shall prepare and execute such additional documents as may be necessary to implement the ownership transfer. It is the intention of the Government to include appropriate reversionary interests in the deed of transfer for the privatized property. (See Sample Easement, Section J, List

of Attachments)

H.6.3 The Government hereby grants to the Contractor, free of any rental or similar charge but subject to the limitations specified in this contract, a revocable permit or license to enter the service premises for any proper purpose under this contract. This permit or license includes the use of the site or sites agreed upon by the parties for the installation, operation, maintenance and repair of the facilities of the Contractor located upon the service premises. Access will be restricted in secure areas, live fire training areas and during times when the Installation is secured due to threat or alert, if applicable. The Contractor's personnel shall be required to provide positive personal and corporate identification. Such personnel shall be required to observe Installation safety and security regulations. It is expressly understood that the Government may limit or restrict the right of access herein granted in any manner considered at the Government's sole discretion to be necessary (for example, to preserve and protect natural security or public safety).

**H.7 LIMITED USE OF UTILITY SYSTEM FACILITIES.**

The Contractor shall not use the privatized electric, natural gas, potable water collection or wastewater collection facilities of the Installation to serve or benefit areas or customers outside the service premise without the prior permission of the Government.

**H.8 TERMINATION LIABILITY.**

The termination liability of the parties with respect to the provision of electric, natural gas, potable water and wastewater utility service under this contract shall be based upon FAR 52.241-10 Termination Liability (Feb 1995). See Section I, Contract Clauses.

**H.9 FORCE MAJEURE.**

See FAR 52.249-14, Excusable Delays. See Section I, Contract Clauses.

**H.10 INSURANCE REQUIREMENTS.**

Prior to commencement of work, the Contractor shall furnish the original of his insurance certificate directly to the Fort Hamilton, NY, ATTN: Contracting Officer. The Contractor shall maintain during the entire period of his performance under this contract the following minimum insurance requirements:

H.10.1 Comprehensive general liability insurance for bodily injury in the minimum limits of [Insert value, such as \$500,000] per occurrence. No property damage liability is required.

H.10.2 Comprehensive automobile liability insurance covering the operation of all vehicles used in connection with the performance of the contract in the minimum limits of [Insert value, such as \$200,000] per person, and [Insert value, such as \$500,000] per accident for bodily injury, and [Insert value, such as \$20,000] per accident for property damage.

H.10.3 Workers compensation and employer's liability insurance in the minimum amount of [Insert value, such as \$100,000].

H.10.4 An endorsement to the effect that any cancellation or any material change adversely affecting the Government's interest shall not be effective until thirty (30) days after the Insurer or Contractor gives written notice to the Contracting Officer.

H.10.5 If the Contractor has catastrophic insurance, then the Contractor should provide a copy of the coverage to the Contracting Officer.

Note: It is recommended that the Contractor furnish a copy of the foregoing requirements to its insurance company, in order to assure that an insurance certificate is issued meeting the minimum requirements shown. The insurance certificate shall also show the contract number to which it applies as well as a brief description and location of the work.

## **H.11 HAZARDOUS SUBSTANCES.**

H.11.1 The parties recognize that the nature of electric, natural gas, potable water, and especially the wastewater system maintenance, operation, and ownership is subject to numerous laws and regulations including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (collectively referred to as Environmental Laws) for cleanup, response removal or remediation, or preparation of any cleanup, response, removal or remediation plan attributable to the release of a Hazardous Substance as that term is defined in the above environmental laws. The parties further recognize that the Contractor cannot and shall not assume liability for the violation of, or curing of, Environmental Laws by the Government.

H.11.2 The parties further recognize that at the time this contract is entered into, the Government's electric, natural gas, potable water, or sewage system may not be in conformance with standards imposed on or by the Contractor.

H.11.3 Notwithstanding any other provision of this contract, this clause takes precedence over any other provision with respect to the Hazardous Substance situations set forth below.

H.11.4 Hazardous substance remediation is not included in this contract. If environmental contamination from Hazardous Substances is discovered in air, soil, or groundwater within the service location during the course of performing this contract, the Contractor shall cease all work at the site and immediately notify the Contracting Officer of the presence of Hazardous Substances.

H.11.5 In the event that Hazardous Substances have been unlawfully released, by other than the Contractor, into the electric, natural gas, potable water, or wastewater system facilities upstream, the Contractor shall not be responsible for any additional costs of remediation, penalties, or fines that may be occasioned by any subsequent release or re-release of such substances into the air, soil, or groundwater, and which may be caused by any act of the Contractor; provided, however, that the Contractor is in compliance with Section H.16.4, above. To the extent that other provisions of this contract require the Contractor to perform or re-perform work, the Contractor shall only be responsible for those costs not attributable to the presence of Hazardous Substances.

## **H.12 DISPOSITION OF ENVIRONMENTALLY SENSITIVE WASTES.**

Products such as used crankcase oil, antifreeze, oil filters, fuel filters, and similar items, shall be handled in the following manner:

(a) Before being brought on station, the appropriate Material Safety Data Sheet (MSDS) shall be submitted to the New York Department of Environment for approval. A copy of the MSDS shall remain on site.

(b) The Contractor shall make every effort to recycle versus dispose of consumable wastes.

### **H.13 HAZARDOUS WASTE SPILL.**

H.13.1 The Contractor shall respond to any hazardous waste spill resulting from the performance of electric, natural gas, potable water, or wastewater utility service in the service location, and clean up and bulk any spilled or contaminated substances, including absorbents, foam, soil, and debris, accumulated from the spill site. A spill contingency plan shall be submitted to the Contracting Officer for approval.

H.13.2 In emergencies, spill response shall be immediately implemented upon recognition of a spill.

H.13.3 Bulk products are then to be removed, recoverables recycled, and treat/dispose of the waste products that are not.

H.13.4 Clean up is intended to restore the area to its pre-spill condition.

H.13.5 The Contractor shall transport these items to a recycling and/or treatment/disposal facility approved and permitted for such recycling and/or treatment/disposal by the U.S. Environmental Protection Agency / New York Department of Environment. Packaging materials if applicable (e.g., drums, plastic sheeting) shall also be recycled and/or treated/disposed of at a permitted facility. Should a spill occur during transportation of the hazardous wastes, the Contractor shall immediately notify the Director or Deputy Director of the Government=s Environmental Department and the Government=s Hazardous Waste Manager, while simultaneously following procedures that protect human health and the environment

# *SECTION L*

  

## *INSTRUCTIONS, CONDITIONS AND NOTICES TO OFFERORS*

**L.1-L.10 Not included in Draft Workscope**

**L.11 PROPOSAL SUBMISSION INSTRUCTIONS - VOLUME II, TECHNICAL PROPOSAL.**

L.11.1 *General Requirements.* Packages and/or envelopes containing the technical and cost proposals shall be marked with the Solicitation number. In order that Technical Proposals shall be evaluated strictly on the merits of the material submitted, no contractual/price information shall be included in the Technical Proposals.

L.11.1.1 The Technical Proposal text should be typed, single space, Courier font, 12 pitch (or equivalent) and submitted on standard (8-1/2" x 11") paper, with foldouts no more than 17" long. Technical Proposals shall not exceed one hundred (100) pages in length, exclusive of attachments, cover page, section dividers and table of contents. Technical Proposals exceeding the page limit shall be evaluated only on the first one hundred (100) pages.

L.11.1.2 The Technical Proposal shall be separate from the Cost Proposal. No material may be incorporated by reference, but references from one area of the Technical Proposal to another are permissible to avoid unnecessary duplication of information. Clear and specific responses to each solicitation item are required. The Technical Proposal shall be incorporated and made part of any subsequent contract.

L.11.1.3 All information the Contractor wishes to have considered must be submitted with the initial proposal. The evaluation will be limited to the information provided and nothing will be assumed.

L.11.1.4 Deviations: The Contractor shall comply with all requirements of the proposal submission instructions. Deviations shall be fully explained; however, the inclusion of cost/price information with the technical part of the proposal is not considered an acceptable deviation.

L.11.1.5 Telegraph offers will not be considered unless authorized by the solicitation; however, offers may be modified by written or telegraphic notice.

---

L.11.1.6 Facsimile offers, modifications or withdrawals will not be considered unless authorized by the solicitation.

L.11.1.7 Item samples, if required, must be submitted within the time specified for receipt of offers. Unless otherwise specified in the solicitation, these samples shall be (1) submitted at no expense to the Government, and (2) returned at the sender's request and expense, unless they are destroyed during preaward testing.

L.11.2 Format and Content. As the Technical Proposal shall describe the capability of the Contractor to participate in this effort, it should be specific and complete in every detail. Proposals which merely offer to provide service in accordance with the Government's Statement of Work will be considered technically unacceptable and will not be considered further. The Contractor must submit a definitive proposal to achieve the end results that are set forth in the Government's requirements. The Contractor shall furnish the following information, which will be used to evaluate the proposal. The information should be submitted as listed below.

L.11.2.1 Evidence of Responsibility. Contractors shall provide information sufficient for the Government to substantiate the evidence of responsibility requirements as provided in Sections L.12.1 and L.12.2 as they relate to:

- (a) Status and experience as an electric, natural gas, potable water and wastewater utility; and
- (b) Ability (legal, technical, financial, and otherwise) to provide the required utility distribution and collection services.
- (c) Declare and maintain a legally valid right to provide utility service for the Fort Hamilton installation with regard to State of New York and federal utility regulatory laws.

L.11.2.2 Technical and Management Approach. (Factor A) Contractors shall furnish a complete description of how accomplishment of the proposed effort contemplated in the Solicitation will be performed, to include the following:

(a) Contractor's technical plans for the operation, ownership and transfer, including the provision of safe and reliable service, compliance with applicable environmental, health, safety and public service regulatory requirements, system operation and maintenance, service restoration, responses to routine and emergency service requests, plans to maintain continuous service and minimize any service disruptions, minimization of inflow and infiltration, upgrade of existing utility distribution infrastructure, and planning and records management.

(b) Conceptual plan to bring the Fort Hamilton electric, natural gas, potable water and/or wastewater distribution facilities into compliance with required performance standards. See paragraph C.7, Performance Standards.

(c) Resources available for the support of the project, including facilities, equipment and staffing. Include information on union agreements, if any, which may affect this contract.

(d) Identification of technical and managerial problems, if any, anticipated in performing the contract, with a full explanation of how these technical and managerial problems will be resolved. Specifically identify any contract provision that may conflict with the cognizant regulatory oversight and authorization, address the likely implications of such conflict and suggest means to resolve the conflict.

(e) Submit a Management Plan showing the Contractor=s corporate structure and lines of authority.

(f) As applicable, a Contractor should reference tariffs, rules and other documented procedures that would guide or control the performance of the technical effort. Summarizing this information in a table format is encouraged.

(g) Provide any notifications of violations received from the United States Environmental Protection Agency, New York Department of Environment Protection or similar Federal or state organizations should be described, along with how the violation was (or is being) mitigated.

(h) Identify key personnel with attached resumes.

L.11.2.3 Project Reports. (Factor B) The Contractor shall submit the following reports as described in Paragraph H.2, Project Reports. The Project Reports will be evaluated based on completeness and technical feasibility. The Project Reports shall include:

(a) Initial Capital Improvement Plan

(b) Initial Compliance Report

(c) Initial O&M Plan

(d) Service Restoration Plan

(e) Transition Plan

L.11.2.4 Comparable Experience. (Factor C) Describe the Contractor=s comparable experience within the last five (5) years in providing electric, natural gas, potable water and wastewater utility services as an utility owner and operator. Describe as much relevant experience as the Contractor=s organization has in the areas stated below. Comparable service should be for individual or classes of customers whose service requirements are similar to those specified in this Solicitation. Measures for comparable service may include, but not be limited to, such factors as circuit miles, pipe and main miles, lift station capacity, kW/hr consumption, average daily and peak wet weather wastewater flows, number of customers and/or service locations, valuation of utility facilities, geographic area served and type and magnitude of individual or collective capital projects.

L.11.2.5 Financial Capability. (Factor D) Describe the Contractor=s capability to finance the Electric, Natural Gas, Potable Water and Wastewater System Purchase Price, CIAC Tax Payment and Capitalization Principal, to specifically include the capability to provide financing up to the limit specified in Paragraph C.6.5 Major Storm Damage and Outage Restoration Priority. Describe how this effort might

affect the Contractor=s future financing capability.

L.11.2.6 *Subcontracting Plan*. Large business firms must submit with their proposal a subcontracting plan as required by FAR 52.219-9.

L.11.2.7 *Attachments*. Mandatory and permissive attachments are identified below.

(a) Copies of the most recent annual report and financial statements which have been certified by a CPA. The most recent year must be dated within twelve months of the submitted proposal. Provide the name, address, and telephone number of the firm or CPA which prepared or certified the financial statements. (mandatory). (not to be included in page count)

(b) Tariffs, rules, etc. If applicable, (mandatory).

(c) Resumes of key personnel (mandatory).

(d) Current corporate brochure(s) (permissive).

L.11.3 *Oral Presentation*. Each Contractor may be requested to make a two-hour presentation to the Government. If so requested, the presentation shall be presented by the Project Manager and attended by the Contractor=s proposed key personnel. Following the presentation, the Contractor=s key personnel must answer questions posed by the Government concerning any matter addressed or required to be addressed in the technical proposal. The Government will schedule oral presentation after the receipt of written technical proposals and will provide at least fourteen (14) days notice to the Contractor.

## **L.12 EVIDENCE OF RESPONSIBILITY.**

L.12.1 To be determined responsible, a Contractor must be an asset-based company providing electric, natural gas, potable water, or wastewater operation, maintenance and distribution service. A Contractor that does not possess the minimum experience will not be considered for award.

L.12.2 A Contractor must demonstrate an ability to provide the required services to the Government as an electric, natural gas, potable water, and wastewater utility service contractor during the entire term of the proposed contract.

L.12.3 The evidence of responsibility shall be in addition to the general responsibility criteria set forth in FAR 9.104.

L.12.4 Information substantiating the special standard of responsibility, Sections L.12.1 and L.12.2 shall be submitted with the initial offer in accordance with Section L.11, Proposal Preparation Instructions - Volume II, Technical Proposal.

L.12.5 In addition, the Government may conduct preaward surveys in accordance with FAR 9.106 and solicit, from available sources relevant information concerning the Contractor=s ability to satisfy the responsibility standards stated in this clause and FAR 9.104. Preaward survey results may be used in determining the responsibility of a prospective Contractor.

**L.13 PROPOSAL SUBMISSION INSTRUCTIONS - VOLUME III, COST/PRICE PROPOSAL.**

L.13.1 Cost/Price Proposals shall contain a completed Schedule L-1 Fort Hamilton Consolidated Utility Service Pricing and Cost Proposal Worksheet. In addition, Contractors shall provide explanatory text and/or footnotes as deemed necessary to clarify the worksheet pricing factors and costs on each of the required worksheets. An example worksheet is provided as Schedule L-2 for use as a guide to the preparation of the required worksheet.

L.13.2 Contractors shall use the directions and assumptions included in Schedule L-1, as supplemented by the applicable Section H Special Contract Provisions and by the following additional directions: To be provided in the RFP

**SCHEDULE L-1. FORT HAMILTON CONSOLIDATED UTILITY  
SERVICE PRICING AND COST PROPOSAL WORKSHEET**

**EXAMPLE SCHEDULE B-1**

**FORT HAMILTON ANNUAL UTILITY DISTRIBUTION SYSTEM COSTS**

**YEAR 1**

Utility System	Initial Upgrade	Distribution Costs	Capital Upgrades	Purchase Price	Total Amount
					(Year 1)
Electric	\$600,000 { \$90,000 } If financed over 10 years at 8%	\$100,000	\$100,000	\$0 { \$290,000 }	\$800,000 approx.
Natural Gas	\$600,000 approx. { \$90,000 } If financed over 10 years at 8%	\$75,000	\$25,000	\$0	\$700,000 { \$190,000 }
Potable Water	\$1,500,000 approx. { \$220,000 } If financed over 10 years at 8%	\$75,000	\$25,000	\$0	\$1,600,000 { \$320,000 }
Wastewater	\$1,500,000 approx. { \$220,000 } If financed over 10 years at 8%	\$75,000	\$25,000	\$0	\$1,600,000 { \$320,000 }
Total Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 1 without financing Initial Upgrades					<u>\$4,700,000</u>
Total Cost for all 4 Fort Hamilton Utility Distribution Systems for Year 1 with financing of Initial Upgrades					<u>\$1,120,000</u>

The numbers and values used in the above example are completely hypothetical and should not be implied or construed to have any meaning for other than demonstration of Schedule B. For reasons of simplification, the Purchase Price has been assumed to be nominal. However there may be tax consequences if less than Fair Value is transferred.

The Electric Initial Upgrade component is assumed in this example to be an engineering judgement of repairs and upgrades to the Fort Hamilton electrical distribution to meet the requirements of the performance specifications in Paragraph C.7. The arbitrary amount of \$600,000 (determined by engineering judgement) in upgrades and repairs could be financed over the 10 year contract period at an arbitrary interest rate of 8%. If financed the approximate amount of \$90,000 would be indicated for the succeeding 9 years of Electric Initial Upgrade estimated cost for Schedule B, years 2-10.

The Natural Gas, Potable Water and Wastewater Initial Upgrade components follow the same rationale as the Electric. It is assumed in this example that the other utility distribution systems will need more substantial upgrade and repair, even possible system replacement, as an Initial Upgrade.

In the hypothetical example, the Electric Distribution Costs component is assumed to be \$100,000. This amount will typically be derived by the Offeror based upon the operational condition and expense of typical maintenance and repair of the Fort Hamilton electrical distribution system. In this example case, the ratio of the Electric Initial Upgrade component as compared to the electric replacement value is lower than the Natural Gas Initial Upgrade component as compared to the assumed replacement value of the natural gas system. Therefore, the electric distribution system is assumed to be of an older condition than that of the natural gas distribution system after the initial upgrades are performed and therefore will incur higher distribution costs to the Offeror.

The Electric Capital Upgrades component is assumed to be a uniform replacement of the electric distribution system over the expected lifetime of the distribution system. It was assumed that the replacement value of the electrical distribution system is much greater than the natural gas, potable water or wastewater distribution system with a shorter expected lifetime and therefore the levelized capital replacement value would be much greater.

It was assumed for reasons of simplicity for this example that the Purchase Price of the Fort Hamilton distribution systems was a nominal \$1.00 dollar. In a real situation there may be tax consequences to a nominal value transfer. If a fair value of the distribution systems is transferred to Fort Hamilton, the purchase price would preferably be financed at an interest rate and returned to Fort Hamilton as a credit to the utility service bill. The Purchase Price amount would then need to be recovered by the Offeror. Typically the Offeror would finance this amount at an interest rate and be included as part of the cost of providing utility service to Fort Hamilton. There would be a Purchase Price debt component to Fort Hamilton, as well as a Purchase Price credit to Fort Hamilton. The variance in these components would depend upon applicable interest rates and amortization periods. The Government will award the contract to the Offeror that demonstrates the best value to the Government as compared to a Government retained value scenario.

The Electric Distribution System Total Amount for Year 1 is the sum of the Electric Initial Upgrade, Electric Distribution Costs, Electric Capital Upgrades, and the Electric Purchase Price. The total amounts for each utility distribution system is then summed to develop the Total Annual Cost.

The succeeding years of Schedule B, (years 2-10) Bid Schedules shall be completed by the Offeror to be inclusive all costs incurred by the Offeror and desired margins over the 10 year contract term. The Offeror shall provide backup information that details financial, inflationary, tax, operational and technical information necessary to develop the estimated costs reflected in Schedule B. The Offerors= costs will be compared to a retained Government ownership scenario on a 25 year Life Cycle Cost Analysis basis. No contract award may result if all potential Offerors= costs are evaluated to be above the continued Government ownership scenario and determined not to be a best value to the Government.

*SECTION M*

*EVALUATION FACTORS FOR AWARD*

## **M.0 EVALUATION FACTORS FOR AWARD.**

### **M.1 EVALUATION CRITERIA.**

A detailed evaluation shall be made of each Contractor's proposal and the results provided to the Contracting Officer for the determination of award. The award shall be based on an integrated assessment of the areas set forth in detail below to determine the proposal most advantageous to the government. The Government reserves the right to make an award to other than the lowest price offer or to the Contractor with the highest technical score if the Contracting Officer determines that to do so would result in the greatest value to the Government. Contractors must recognize that the subjective judgement of the Government evaluators is implicit in the evaluation process.

### **M.2 EVALUATION FACTORS FOR AWARD.**

M.2.1 Proposals shall be evaluated by a team of Government employees selected by the Contracting Officer. Of the evaluation criteria listed below, Factors (C) and (D) are equal in point value and Factors (A) and (B) are equal in point value. The point value of Factors (A) and (B) are 1.5 times the point value of Factors (C) and (D).

- (A) Technical and Management Approach.
- (B) O&M Plan
- (C) Comparable Experience.
- (D) Financial Capability.
- (E) Cost/Price.

M.2.2 Price shall not be point scored, but will be a major consideration in the award selection. Award shall be made to the responsible Contractor whose proposal is technically acceptable and offers the best overall value to the Government, price and other factors considered. This value shall be determined by comparing differences in the value of the above technical factors and cost to the Government. The closer the final evaluated factor scores of acceptable offers are to one another, the greater shall be the importance of cost factors in making the award determination.

M.2.3 Subcontracting Plan. NOT POINT SCORED as a major evaluation category. The Plan shall be reviewed for compliance with the requirements of FAR 52.219-9 and scored in accordance with AFARS 19.7, Appendix CC. In the event technical and price become more equivalent for two or more large businesses who are being considered for the award, the subcontracting plan shall become more significant and may become the determining factor for the award.