DATE OF ISSUE:
March 26, 2015

DEPARTMENT OF GENERAL SERVICES
BUREAU OF PROFESSIONAL SELECTIONS AND ADMINISTRATIVE SERVICES
18TH AND HERR STREETS
HARRISBURG, PENNSYLVANIA

BULLETIN NO. 4
on

Project No. D.G.S. 513-33 Ph 1 – REQUEST FOR PROPOSALS FOR A DBOOM CONTRACTOR AT: TORRANCE STATE HOSPITAL, TORRANCE, WESTMORELAND COUNTY, PENNSYLVANIA, Department of General Services, Bureau of Engineering and Architecture, 18th and Herr Streets, Harrisburg, Pennsylvania 17125.

PROPOSAL SUBMISSION DEADLINE, THURSDAY, APRIL 2, 2015
TIME OF OPENING – 10:00 AM

AGENCY NAME CHANGE

THE DEPARTMENT OF PUBLIC WELFARE'S NAME IS NOW CHANGED TO THE DEPARTMENT OF HUMAN SERVICES. ANY REFERENCE TO THE DEPARTMENT OF PUBLIC WELFARE CONTAINED IN THE DOCUMENTS AND DRAWINGS IS TO BE DEPARTMENT OF HUMAN SERVICES.

PROPOSAL CLARIFICATIONS

Question

1. Why does DGS mandate that the DBOOM Vendor execute and follow the DGS construction template? Why use the "Design Build Construction Contract"?

   Answer

   The Department of General Services designates DBOOM projects as construction projects and requires the use of the Design Build Construction Contract.

Question

2. Under a DBOOM premise, why must there be separate contracts for HVAC, electrical, and plumbing functions?

Answer
The Commonwealth Procurement Code requires all construction projects equal to or greater than $25,000 to be subject to the Act of May 1, 1913 (i.e., 71 P.S. § 1618, the Separations Act) (62 Pa. C.S. § 322(6)).

Question
3. Why would there be a bid bond to provide services?

Answer
The purpose of a bid bond is to ensure the selected Proposer enters the appropriate construction contract(s) for the Project. The bid bond will be returned after contracts are fully executed.

Question
4. Why is DGS concerned about MEP bidding and pre-qualifications in a DBOOM situation?

Answer
The Commonwealth Procurement Code requires all construction projects equal to or greater than $25,000 to be subject to the Act of May 1, 1913 (i.e., 71 P.S. § 1618, the Separations Act) (62 Pa. C.S. § 322(6)).

Question
5. Why is a payment and performance bond required during construction? If the Vendor has to provide a bond to DGS, and may very well have to provide a bond (either through a Prime contractor or on their own) for their financing, this translates to two distinct bonds being required.

Answer
The Commonwealth Procurement Code requires performance and payment bonds on construction contracts (62 Pa C.S. § 903).

Question
6. The RFP asks for demolition of the building located where the new steam plant is to be constructed. Can the building remain if the Vendor decides to re-task the building?

Answer
DGS prefers that the DBOOM contractor own the new boiler plant, not utilize a DGS owned building.

Question
7. Why does DGS demand prevailing wage rates for construction?

Answer
The Pennsylvania Prevailing Wage Act (43 P.S. §§ 165-1 – 165-17) applies when the estimated cost of the total project is in excess of $25,000.

Question

8. Will operations and maintenance during the Energy Service Agreement require prevailing wage payments?

   Answer

   The Pennsylvania Prevailing Wage Act (43 P.S. §§ 165-1 – 165-17) does not apply to the Proposer's operations and maintenance during the Energy Services Agreement.

Question

9. In the ESA, why is the unit steam cost tied to fluctuating natural gas prices? This assumes that all energy is based upon natural gas. Biomass or other fuels are not tied to natural gas prices and if the price for gas decreases, the biomass Vendor is penalized.

   Answer

   Per the contract documents, biomass combustion alternatives must include natural gas fired back up boiler capacity for the full range of steam demand at the hospital. This is why it was decided to tie the cost of steam to the natural gas price. (Appendix N, Design Criteria Document, Paragraph 1.0)

Question

10. If the Seller provides electricity in the future to Torrance, the ESA states that Torrance keeps any carbon credits, energy credits or carbon offsets? Why? How can the Commonwealth, who does not pay taxes, actually utilize or monetize such credits? Shouldn't the Vendor keep any credits as they produced them?

    Answer

    The DBOOM project and all its documents stand as written.

Question

11. The ESA mandates a financial guaranty for operation and maintenance of the facility for the duration of the agreement, 20 years. What is the value of the bond based on? Why ask for this bond, which ties up capital or bonding capability for an extended period of time. This is effectively a third bond for the same project.

    Answer

    The Exhibit D "Unconditional Guaranty and Surety Agreement" to the Energy Services Agreement is the "financial guarantee" required by Article XII. This document is self-explanatory.

Question

12. The $20,000,000 umbrella liability insurance policy seems high. Is this negotiable?

    Answer

    The DBOOM project and all its documents stand as written.

Question

13. In the event of breach by Seller and if the Agreement is terminated by the Commonwealth, DGS shall purchase the equipment at the lesser of fair market value or NPV of the Capacity fees at the then current discount rate. No consideration is addressed as to what may actually be owed on equipment by Seller at any point in time. Most commercial lenders would not permit such a potential under-water situation to exist and may not therefore lend funds for the project. Can this be modified?

    Answer

    Article XX, Section 20.6 of the ESA stands as written.

Question

14. What would constitute a Vendor proving long term supply of biomass?

    Answer

    DGS would expect a minimum three year commitment from the time of the initiation of operation of the new boiler plant facility for a long term supply.

Question

15. Vendor has to provide a 12 month guarantee/warranty of equipment, materials and workmanship (of their own equipment), but guarantee to whom?

    Answer

    Any warranty and guarantee, in accordance with Section 6.49 of the General Conditions, are to be for the Department of Public Welfare's use.

Question

16. At the January 8th, 2015 on-site meeting, both the engineer and Torrance Facilities Manager stated that it was very probable that the complex will de-commission more buildings and therefore steam flows, both minimum and maximums could decrease to an unknown quantity. With such an unknown steam volume being required over time and no solid basis for DBOOM financial projections, will DPW accept a minimum take or pay contract?

    Answer

    The DBOOM project and all its documents stand as written. There are no current plans to increase or decrease steam demands.

Gary R. Taylor, PE, Director
BUREAU OF ENGINEERING &
ARCHITECTURE

See www.portal.state.pa.us, for names of those who have secured plans and specifications.

PLEASE ACKNOWLEDGE RECEIPT OF BULLETIN WITHIN 24 HOURS BY EMAIL RESPONSE TO DIANE HALLETT AT dhallett@pa.gov