



**CAPITAL PROGRAM SERVICES**  
**5750 ALMADEN EXPRESSWAY**  
**SAN JOSE, CA 95118-3686**  
**TELEPHONE (408) 630-3004**  
**FACSIMILE (408) 979-5631**  
**www.valleywater.org**  
**scvwdplanroom@valleywater.org**

*Notification of this Addendum is transmitted via email to all firms on the current RFQ Participant List.  
This Addendum is posted on the District website at  
<http://www.valleywater.org/design-build.aspx>.*

February 10, 2016

**ADDENDUM NO. 2**  
**TO THE REQUEST FOR QUALIFICATIONS FOR A PUBLIC-PRIVATE PARTNERSHIP**  
**BETWEEN RESPONDENT AND THE SANTA CLARA VALLEY WATER DISTRICT**  
**WITH REGARDS TO THE EXPEDITED PURIFIED WATER PROGRAM**

**Project No. 91304001**

Notice is hereby given that the following revisions, additions, and/or deletions are hereby made of, and incorporated into, the Request for Qualifications (RFQ) for a Public-Private Partnership between the Respondent and the District with regards to the District's Expedited Purified Water Program (PROJECT).

**Definition of Terms**

**Finance Provider—**

**REPLACE:** last sentence of this definition with:

“However, the Finance Provider may arrange for equity contributions from third party investors or its parent company.”

**Section 6.1. Evaluation**

**Financial Capability and Experience Evaluation:**

**REPLACE:** last sentence of section C. with:

“The P3 Team's financial experience will be evaluated based on responses to the relevant sections in Part III.”

**ATTACHMENT E STATEMENT OF QUALIFICATIONS FORMS**

**PART IV: KEY PERSONNEL EXPERIENCE**

**C. ROLE OF KEY PERSONNEL IN REFERENCE PROJECTS**

**REPLACE** text that reads “. . . in the reference projects identified in Part V.” with:

“. . . in the reference projects identified in Part III.”

**PART V: FINANCIAL INFORMATION**

**B. FINANCIAL INFORMATION**

**REPLACE:** first sentence in this section with:

“The Respondent shall provide the following:”

**REPLACE** paragraph 3. in its entirety with:

- “3. A copy of each Reporting Entity’s most recent audited financial statements for the past three (3) fiscal years using U.S. GAAP basis or International Financial Reporting Standards (IFRS), including the balance sheet, income statement, statement of cash flows, and notes to the financial statements. If neither of these standards is used, a letter must be provided from a certified public accountant explaining the areas of the financial statement that would be affected by a conversion to U.S. GAAP or IFRS.”

GENERAL QUESTIONS & RESPONSE

Question No.	P3 RFQ Section	Question/Response
1.	Sections 3.1.1 and 3.1.1 B/C	<p><b>Question:</b>            With reference to Stage One Summary Terms we understand: <i>“It is anticipated that the P3 Entity and the District will each bear its own costs during Stage One. Summary Terms for Stage One are expected to include the following: . . . Provide all technical studies and data (such as traffic study, noise study, air quality, biological services, etc.) as required to obtain environmental clearance (CEQA and/or NEPA) for the Project.”</i></p> <p>The District’s responsibilities include . . . <i>“Lead CEQA permitting and Provide information and provide (or engage the P3 Entity to perform) additional studies that may be necessary to complete the Project.”</i></p> <p>As the District is responsible for procuring the permits, and it is anticipated that the P3 Entity is responsible for its own share of the Stage One costs, we would respectfully request the District to outline the detailed scope of studies that will be expected to be performed by the P3 Entity. Also can the District clarify, what studies related to environmental impact statement have been initiated for the Project?</p> <p><b>Response:</b>            While the District will be the permit holder, the P3 Entity may be involved in</p>

Question No.	P3 RFQ Section	Question/Response
		the preparation of applications and of additional supporting information as required by the permit entities. Until the P3 Project description is completed, alternatives screening is completed and funding sources are identified, it is difficult to provide a detailed scope of services. At this time, no studies have been initiated for the environmental review process. The District expects to provide additional information in the RFP.
2.	Section 3.1.2	<p><b>Question:</b> This section states that the P3 Entity will own the P3 Project. Is there any right-of-way on/in which the project will be built that is not already owned by the District? If not, will such land be leased to the P3 Entity? If not, will the District be acquiring required right-of-way for the project pursuant to eminent domain, or will all required right-of-way need to be privately acquired by the P3 Entity?</p> <p><b>Response:</b> The District notes the statement at the end of Section 3.1 that “Respondents should consider these terms only as generally representative of the relationship the District intends to establish with the P3 Entity.” Specific to the issue of ownership of the P3 Project, the District anticipates structuring the tax, accounting, and contractual ownership of the P3 Project in order to best fit the plan of finance for the P3 Project. The District expects to provide additional information on P3 Project ownership in the RFP.</p> <p>The SVAWPC Expansion Project will be located on land leased from the City of San Jose. Most of the Purified Water Pipeline Project and other conveyance pipelines will be in areas that will require easements and/or purchase of the property. Groundwater facilities are anticipated to be owned by the District. Further information on ownership and right-of-way will be provided in the RFP. The District expects Respondent to propose a general strategy for the acquisition of easements, rights-of-way, and/or property purchases. The District expects to support the Respondent’s general strategy but regards the use of its powers of eminent domain to be used only as a last resort.</p>
3.	Section 3.1.2 C	<p><b>Question:</b> “...The District shall have the right to curtail the P3 Project output, for Example in the event of wet or above-normal years.” Can the District please clarify that it anticipates there will be a compensation mechanism in place to make the P3 Entity whole for the availability payment missed during the years in which the P3 Project output was curtailed?</p> <p><b>Response:</b> The District will look to Respondents to propose compensation mechanisms. The District anticipates that there will be a compensation mechanism in place to make the P3 Entity whole in the event that the P3 Project output is curtailed at the election of the District.</p>

Question No.	P3 RFQ Section	Question/Response
4.	Attachment E, Part III, Sections B/E	<p><b>Question:</b>  <i>“The District is specifically interested in P3 reference projects in the water/wastewater sector. <u>No more than two (2) of the P3 reference projects may be in other sectors.</u>” and “The District is specifically interested in financing reference projects in the water/wastewater sector. No more than two (2) of the financing reference projects may be in other sectors.”</i></p> <p>Given the limited number of privately financed water/wastewater P3 projects completed in the U.S, can the District clarify that the reference of water projects of an affiliate of the P3 Coordinator and Finance Provider would be acceptable?</p> <p><b>Response:</b>  Reference projects of an affiliate of the P3 Coordinator and/or Finance Provider are acceptable. In the event that such affiliate reference projects are included, Respondent should explain its relationship with affiliate and how the experience gained through the reference project will brought forward to the District’s benefit.</p>
5.	Attachment E, Part V, Section B	<p><b>Question:</b>  If a member of the P3 Entity team is a newly formed entity that does not have available financial information (e.g. a balance sheet, income statement, statement of cash flows, etc.), would it be possible to attach the same information for a parent company, establishing and defining the concept of a “financial responsible party” as is standard in the P3 market?</p> <p>If this role is the one the client has stated for the “Guarantor”, would the Santa Clara Valley Water District please confirm that all information requested in Part V, Section B, will be applied to the guaranteed entity?</p> <p><b>Response:</b>  The “financial responsible party” would be considered as a Guarantor by the District in the context of the RFQ. If the guaranteed entity is a newly formed entity that does not have available financial information, Respondent should indicate “Not Available” in its responses to Part V, Section B.</p>
6.	Definition of Terms	<p><b>Question:</b>  Would the client please provide a more detailed definition of “Guarantor” in the RFQ, and clarify the nature of the support or guarantee?</p> <p><b>Response:</b>  The District is interested in transacting with a P3 Entity with the financial wherewithal and staying power to bring the P3 Project to financial closing and into commercial operations and then operate the P3 Project for the term of the P3 Contract. A Guarantor is not a requirement but should be considered by Respondent in this context. The nature of the support or guarantee, if any, is for the Respondent to develop and propose.</p>

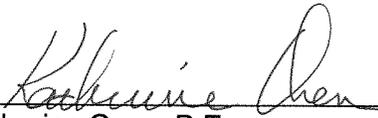
Question No.	P3 RFQ Section	Question/Response
7.	Definition of Terms	<p><b>Question:</b> In the definition of Finance Provider, to the last statement please add the underlined....."the Finance Provider may arrange for equity contributions from third party investors <u>or its parent company</u>".</p> <p><b>Response:</b> The definition of Finance Provider has been modified in this Addendum No. 2.</p>
8.	Definition of Terms	<p><b>Question:</b> Please confirm that more than one entity can perform the role of the P3 Coordinator.</p> <p><b>Response:</b> Confirmed.</p>
9.	Section 3.1.1	<p><b>Question:</b> In Section 3.1.1 the paragraph states: "It is anticipated that the P3 entity and the District will each bear its own costs during Stage One". Later in the same section paragraph F states "Upon any such District termination, the District shall have rights to the design work completed to date and the Principal Engineering Firm will reasonably support transitioning such work product to the District. Any such termination shall result in a termination payment to the P3 Entity in the amount set forth in the Stage One Agreement." Please clarify that the P3 entity shall be reimbursed 100% of its incurred costs in the event that the district elects to not move forward with the P3 project.</p> <p><b>Response:</b> The District expects that the RFP will ask Respondents to provide a specific proposal for a termination payment payable by the District in the event the District elects to not move forward with the P3 Project.</p>
10.	Section 3.3	<p><b>Question:</b> What types of provisions are the District considering for the Project Labor Agreement mentioned in the RFQ?</p> <p><b>Response:</b> The District has no further information to provide at this time. Further information will be incorporated into the RFP.</p>
11.	Section 5. C. and Part 1, Section C.	<p><b>Question:</b> Section 5 reads that Parts I-III shall be in Volume 1 and Parts V-VI, Appendices be in Volume 2. Part 1 C. directs you to attach Appendix A to Part 1 (which is in Volume 1). Please clarify where Appendix A goes in the submission.</p> <p><b>Response:</b> The RFQ does not identify an Appendix A but rather refers to Appendix 1</p>

Question No.	P3 RFQ Section	Question/Response
		(Proposer Form). Appendix 1 should be included in Volume 2.
12.	Section 5. C. and Part III	<p><b>Question:</b> Section 5 reads that Parts I-III shall be in Volume 1 and Parts V-VI, Appendices be in Volume 2. Part III directs you to attach Appendix B to Part III (which is in Volume 1). Please clarify where Appendix B goes in the submission.</p> <p><b>Response:</b> The RFQ does not identify an Appendix B but rather refers to Appendix 2 (Disclosure Questions). Appendix 2 should be included in Volume 2.</p>
13.	Section 6.1.C. and Attachment D	<p><b>Question:</b> The evaluation criteria for Part V states that it is also based on “relevant sections in Parts III and IV”. However, in the Scoring Matrix for Part V only portions of Part III are referenced. Are there any additional points allocated for a section of Part IV?</p> <p><b>Response:</b> The last sentence in Section 6.1.C. has been amended in this Addendum No. 2.</p> <p>Points for Part IV will be awarded in the section of the Scoring Matrix labeled “Key Personnel Experience”.</p>
14.	Section 6.4	<p><b>Question:</b> When will the District determine whether or not RFQ scores will carry forward to the RFP?</p> <p><b>Response:</b> The District will make this determination prior to release of the RFP.</p>
15.	Attachment D	<p><b>Question:</b> Please explain why “Financing Experience of the Finance Provider” is considered twice (once as part of “P3 Team Organization and Experience” and again under “Financial Capability and Experience”). What elements should be included in each part?</p> <p><b>Response:</b> The primary consideration under “P3 Team Organization and Experience” is the relevant knowledge, expertise, and track record demonstrated by the entities comprising the P3 Team. The primary consideration under “Financial Capability and Experience” is the financial strength and staying power of the entities comprising the P3 Team. The Financing Experience of the Finance Provider is seen by the District as relevant to both sections, which is why it is included in both sections.</p>

Question No.	P3 RFQ Section	Question/Response
16.	Attachment D	<p><b>Question:</b> Please clarify that while the P3 Entity is yet to be formed, the financial capacity of the P3 Coordinator would be evaluated in place of the P3 Entity.</p> <p><b>Response:</b> Please refer to Question 5, above.</p>
17.	Attachment E, Part III	<p><b>Question:</b> In subparts B, C, D, and E the Respondent is asked to provide a table of projects. Please clarify if this is limited to the reference projects identified for each of the subparts or if this should be a broader list.</p> <p><b>Response:</b> In the first paragraph under subparts B, C, D, and E, the Respondent is asked to note the number and size of projects undertaken and/or completed and to include one or more tables of projects to the extent relevant. This request refers to the entire portfolio of projects undertaken and/or completed by Respondent and not just the Reference Projects.</p>
18.	Attachment E, Part IV, Section C.	<p><b>Question:</b> For the reference table, it refers to “projects identified in Part V”. Which projects are these? Are they referring to projects in Table 1 (Section B)?</p> <p><b>Response:</b> ATTACHMENT E, Part IV, Section C. has been amended in this Addendum No. 2.</p>
19.	Attachment E, Part V	<p><b>Question:</b> In subpart B.3, please allow for Respondents to submit financial statements that have been prepared in accordance with either U.S. GAAP or International Financial Reporting Standards (“IFRS”), with the proviso that if neither of these standards are used a letter must be provided from a certified public accountant discussing the areas of the financial statement that would be affected by a conversion to U.S. GAAP or IFRS</p> <p><b>Response:</b> ATTACHMENT E, Part V, has been amended in this Addendum No. 2.</p>
20.	Attachment E, Part V, Section B.	<p><b>Question:</b> “...in a sealed envelope attached only to the Original SOQ submittal.” Are there still 6 copies required in addition? It is suggested that the information be included in the original and copies of Volume 2, for each Reporting Entity, separated by tabs. Confidential financial information will be in sealed envelopes behind their respective tabs.</p> <p><b>Response:</b> ATTACHMENT E, Part V, Section B. has been amended in this Addendum No. 2. The District does not require a sealed envelope attachment for this</p>

Question No.	P3 RFQ Section	Question/Response
		financial information. Respondent should include this information in Volume 2 of its response.
21.	Attachment E, Part V, Section C.	<p><b>Question:</b> Are hard copies of the Financial Capability Evaluation Template supposed to be submitted or in electronic format? Please clarify.</p> <p><b>Response:</b> Respondent is to include the Financial Capability Evaluation Template in both hardcopy and electronic (Microsoft Excel) format.</p>
22.	Attachment E, Part V, Section C.	<p><b>Question:</b> How is the point allocation shown on the Financial Capability Evaluation Template assessed? How do these points translate into overall SOQ points?</p> <p><b>Response:</b> Points shown in the Financial Capability Evaluation Template will be awarded on a relative basis in comparison to the entire pool of Respondents. Points will translate proportionately into overall SOQ points. For example, a P3 Coordinator receiving a score of 16 out of 20 in the Financial Capability Evaluation Template would receive 8 out of 10 points in the Scoring Matrix.</p>
23.		<p><b>Question:</b> Please clarify if there will be a stipend paid during the RFP process.</p> <p><b>Response:</b> The District does not expect to provide a stipend during the RFP process.</p>
24.		<p><b>Question:</b> Please clarify that the GMP will not be established until the environmental process is complete.</p> <p><b>Response:</b> The District's current timeline calls for the GMP to be established in June 2018, prior to completion of the environmental process. The District expects to provide additional details regarding GMP parameters in the RFP.</p>

THIS ADDENDUM NO. 2, WHICH CONTAINS 9 PAGES, IS ATTACHED TO AND IS A PART OF THE RFQ FOR PUBLIC-PRIVATE PARTNERSHIP SERVICES FOR THIS PROJECT.



Katherine Owen, P.E.  
Deputy Operating Officer  
Water Utility Capital Division

Date: 2/10/2016