



DALLAS/FORT WORTH
INTERNATIONAL AIRPORT

November 20, 2009

ADDENDUM NO. 2

Re: Solicitation No. 7005231 – Rental Car Center Compressed Natural Gas Fueling Station

Please be advised of the following changes or clarifications to the above referenced Solicitation:

CHANGES:

1. Specifications / Scope of Work Section 3.4 (Page 15): Change 5:45 p.m. to 9:45 p.m.
2. Proposal Instructions and Requirements Section 8.2.2 (Page 4): Change "single sided double spaced" to "single or double sided and single spaced".
3. Proposal Instructions and Requirements Section 8.2.4.5, Tab 1 (Page 4) – Change the Brief Executive Overview page limit from four pages to eight pages.
4. Proposal Instructions and Requirements Section 7.5: Delete "In that regard, the Board references Texas Comptroller regulations [34 TAC Section 3.291(c)(2)] which provides that "a prime contract with a private party to improve real property belonging to an exempt entity...for the primary use and benefit of the private party or that would benefit the exempt entity is not exempt from sales or use tax." Replace that sentence "See 34 TAC Section 3.291 (c)(2)(B)) for appropriate tax treatment information."

CLARIFICATIONS:

1. Question: Does the Board have an interest for how much the contractor gets the gas? Will the contractor pay only the daily NYMEX price for the commodity (natural gas)?
Answer: The Board is aware that the contractor may choose to hedge their natural gas position with either physical or financial contracts. However, what the contractor (proposing firm) is paying for gas will have no direct impact on what it charges the Board per DGE. As the solicitation states, the Board's price is to be based on the last settled price for the contract month.
2. Question: What is the current contractual price the Airport pays today (for the adder) per DGE to the holder of the current contract? What does the adder include?
Answer: The adder the Board is currently paying is \$0.63 per gasoline gallon equivalent (GGE). Note that the current contract measures fuel by GGE and the referenced solicitation is using diesel gallon equivalent (DGE). The rate increases represent CPI escalations and a expansion of two additional pumps, compressor and equipment/work required to support the pump expansion. The adder represents the proposing firm's cost for everything other than the natural gas. As the formula indicates, NYMEX reports the price of natural gas in MMBtu. That is equivalent to 1,000,000 Btu and there are 139,000 Btu in a gallon of diesel fuel. This is a way of converting the price of natural gas (given in MMBtu) into a price of a DGE. The solicitation does not require the natural gas price to ever be locked in; the price may float with the market. Once the contract is executed, the only pricing item that is eligible for negotiation is the adder and any proposed changes in the adder must be due to changes in cost during the life of the contract.

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3. Question: Does the Board currently receive a royalty on fueling by non-Board vehicles? If so, what is the current royalty rate?
Answer: The current contract provides for a ten percent "surcharge" for sale of fuel to non-Board vehicles.
4. Question: Should the adder include all associated gas transportation costs, station electricity costs, associated taxes?
Answer: What costs proposing firms choose to include in the adder is at their discretion. It is important that those responding understand that all costs and profits associated with owning, operating, and maintaining the station(s) must be recoverable through the pricing formula provided in the solicitation.
5. Question: On page 16 Section 5.2.1 – 5.2.1.4; in order to clarify the pricing, does the airport want the "adders" to address the following? Please clarify the adders?
Answer:
- a. To clarify, when it is all said and done there will be two prices (adders), one for the development, construction, owning, operating, and maintaining the new RCC private system; and one for everything else.
 - b. (5.2.1.1) The adder for the RCC private system should include all costs associated with the development, construction, ownership, operation, and maintenance of this site. As if it was a standalone project.
 - c. We have asked for three additional adders to be submitted. Only one of these options (alternatives) will be selected:
 - i. (5.2.1.2) An adder associated with taking over the operation and maintenance of the existing station.
 - ii. (5.2.1.3) An adder associated with taking over the existing station and constructing a new RCC public fueling system.
 - iii. (5.2.1.4) An adders associated with taking over the existing station, constructing a new RCC public fueling system, and upgrading the existing station as described in 1.4.2.
6. Question: Will the contractor be responsible for the connection cost of utilities, gas and electric? Have the utilities prepared a bid for these services for the Airport? If the utilities have not prepared costing for the new services, will the bid due date be extended until bidders receive these cost from the utility providers? Will the Airport directly receive and disseminate the cost to all bidders?
Answer: The contractor is responsible for ALL costs associated with this project/contract. The utility providers have already developed designs to serve this facility. The proposing firms/contractors need to deal with the utility providers individually and use the utility contact names and information provided in the solicitation to contact them about utility services.
7. Question: How do we determine the land lease cost for Years 2 - 10. Is it the same as Year 1 or does it go up each year and by how much?
Answer: The land rent is tied to the Airport Services Cost, which generally fluctuates annually and has even changed during the fiscal year on occasion in the past. In answer to the question: No, the rent would not necessarily be the same as Year 1. It is subject to change, up or down, based on changes to the Airport Services Cost. As an example the Airport Services Cost *declined* from \$23,974 per acre in FY2009 to \$21,953 per acre in FY 2010. But there is just no way to know ahead of the budget cycle what the Airport Services Cost will be from one year to the next. Note: There was no decreased adjustment in the adder required by the Board when the land rent rate decreased.
8. Question: Can the forms on pages 50 – 57 be obtained in Word format?
Answer: No part of the Solicitation can be posted on the website in Word format; we are restricted to use of PDF format for website postings. However, these forms can be issued directly to email addresses upon request to the Airport Board Contact, Mr. Ron Duncan.
9. Question: All land is owned by the Airport. Will there be no right-of-way or easement to purchase for the services from Oncor and Atmos Energy to provide utilities to the new RCC fueling station?
Answer: The land is owned by the Cities of Dallas and Fort Worth, but the Airport Board maintains operational control over the land. Oncor and Atmos Energy would not be required to

acquire any easements to provide utilities to the site. There will be no cost to the awarded contractor for the right-of-way.

10. Question: Does the design of the new RCC CNG fueling station have to match the design of the existing diesel fueling station?

Answer: The RCC private site (for RCC buses only) must match the existing structure; see the documents related to the utility plans, bus fueling, bus fueling piping, floor plan and site plan. The standalone RCC public site does not have to match the existing structure.

11. Question: What is Standard Parking Company's interest in the new canopy for the RCC Maintenance Facility location? Is it an extension of an existing canopy that Standard Parking will maintain?

Answer: Standard Parking currently maintains the diesel fueling island and canopy. In the solicitation, the Board is asking the contractor to add a canopy to the north side of the existing structure. In addition, Standard Parking has asked that water, oil, air, and antifreeze hoses be extended from the existing structure to the new north canopy. All of those hoses will be fed from equipment in the existing structure that is currently maintained by Standard Parking.

12. Request: Please provide the acreage of the existing CNG fueling station.

Answer: See attached survey for the existing station.

13. Request: Please provide a copy of the existing CNG station contract, including current total contractor's fuel price component paid by the Airport to the Contractor and the property lease rate component of the total contractor's fuel price.

Answer: The price per GGE/DGE is provided in Clarification Response/Answer #2 above. The current contract compensation formula is as follows:

- Index Prices: Per gasoline gallon equivalent (GGE) of Compressed Natural Gas (CNG) based on the last settle price for natural gas for the month in which deliveries occur as shown in the Wall Street Journal Commodities Section, Futures Prices. Calculation of MMBtu's price to gasoline equivalent gallon price is: MMBtu Published Price x 0.122 = equivalent gasoline gallon price.
- The margin (a.k.a. "adder") price shall be the price for all other cost related to operate, maintain and land lease of the station. The margin shall include profit and all costs not included in the Index Price. Authorized price fluctuations of the selling price will be allowed throughout the term of this contract equal to fluctuations of the index price, as published by the Wall Street Journal (CNG).
- Selling Price - Is per gasoline equivalent gallon (CNG) and shall include the total of the price index and the margin defined above for sales to Board users.
- The property lease rate is the same as provided in Specification/Scope of Work Section 8 (currently \$21,953 per acre). Be advised that regardless of the current CNG Station (at 5E) contract or compensation terms, the compensation formula provided in the referenced solicitation will be applied to this contract awardee. The request to release the current contract has been submitted to the Airport Board's Legal Counsel for review and response (per standard operating procedures for Open Records Requests).

14. Question: On page 14 Section 1.4.2.3 pg: What fuel-card reading technology are you speaking of that you want to have met?

Answer: It is the Board's understanding that the card reading technology at the existing CNG station is obsolete. We envision the card reading technology employed at the RCC station will be the most recent, available technology. In 1.4.2.3 we are asking that the existing station be upgraded to whatever new technology was employed at the RCC station. We feel that having a common system will be more user friendly and easier to maintain.

15. Question: On page 15 Section 3.5: The night fueling window for the RCC buses is between 5:45 pm and 5:45 am which provides 12 hours to fuel. In parentheses, it says 8 hours. Please clarify if the fueling window is 12 hours or 8 hours?

Answer: The 5:45 p.m. start time is an error. The fueling takes place daily between 9:45 p.m. and 5:45 a.m. (8 hours). See Change No. 1 above.

16. Question: Who is responsible for the cost to bring the gas and electric utilities to the site? Where will they be located onsite?

Answer: The awardee is responsible for covering the cost of bringing all necessary utilities to the site. The location (service point) will be mutually agreed upon by the Board, awardee, and the utility company.

17. Question: The Gas Company quoted that the gas pipeline installation for the RCC station will cost \$1.4 million. Should we include this in our adder for the RCC station development?

Answer: Yes

18. Question: On page 16 Section 5.1; What Gas Index will the "last settled price for natural gas for the month" be based?

Answer: New York Mercantile Exchange (NYMEX) natural gas futures contracts.

19. Question: Will the Airport Board entertain other gas pricing models than that provided in the Solicitation?

Answer: No

20. Question: Will all bidder's prices be judged solely on the submitted adder prices or the combined airport's deemed Gas Index + Adder Price?

Answer: The Gas Index price for all bidders will be the same, therefore, pricing will be judged solely on the adders.

21. Question: What type of nozzle hook up will be installed for the new RCC buses? Will they be specialized transit nozzles or regular nozzles capable of fueling up at the existing CNG station?

Answer: The new buses will have regular nozzles and will be compatible with the 3,600 psi nozzles used at the existing station.

22. Question: What are the guaranteed gas pressures and paths of the gas line trenching to the compound? Currently, the gas company has not been able to provide that information which is vital for specifying the type of equipment, scope of work development for M/WBE subcontractors bids and installation costs.

Answer: Atmos Energy has a high pressure natural gas line running north and south along the west side on Valley View Lane. It is our understanding that the gas line to serve the new RCC station will tie into that line and run west along Rental Car Drive to the proposed site. Whether the line runs on the north or south side of Rental Car Drive is negotiable. On July 1, 2009, we received word from Atmos that the maximum operating pressure for the Valley View line is 325 psig. The typical operating pressure is 250 psig. This information was provided by Paul Gillaspia and his contact information is on Page 17 of the solicitation.

23. Question: Please explain the airports ownership of installed building/equipment. Specifically when does title to airport capital improvements transfer to the Airport.

Question 19.1: If title of improvements transfers to the Airport at the time the improvements are placed in operation, (as suggested during the meeting) does the airport insure the station for losses as well liability?

Answer 19.1: The Airport does not insure the station or any improvements; or accept any liability. We have the ability to modify the proposed lease agreement for the lessee / tenant to retain ownership of the improvements until the end of the lease term. But, doing so may increase the tax burden on the lessee / tenant.

Question 19.2: If the contractor is to recover the capital cost of the CNG fueling stations what "financial security" to the CNG station would the airport provide?

Answer 19.2: The Airport does not provide any financial security. The lessee / tenant will need to recover their capital costs through the contract. A proposing firm may or may not condition their proposal to include a minimum annual (12-month) DGE usage at any station; however, if such condition was proposed, it can have a negative impact on the scoring of their proposal by proposing the Board assume some financial risk.

Question 19.3: If the title to the CNG station goes to the Airport at the time it is placed in operation would the airport utilize federal tax credits as well as depreciation allowances?

Answer 19.3: No; the Airport does not pay taxes and would have no need to utilize federal tax credits or depreciation allowance.

24. Question: The language in the RFP references for "all liability policies". This wording is not clear as to which lines of coverage are applicable to the requirements. For example, the requirement to provide Subsidence or earth movement is only applicable to general liability, not other lines of

liability such as automobile liability. Therefore, it is difficult to achieve a literal interpretation of the bid requirements for liability policies. In the example for automobile liability above, the Contractor would not be in compliance because one can't purchase earth movement on an automobile liability policy. Please clarify?

Answer: The section in question, Insurance Requirements Section 7.3.2, is the subsection for Commercial General Liability (CGL). The phrase "all liability policies" appears eight times in the Subsections 7.3.2.1 through 7.3.2.12. Since this phrase appears in textual subsection following Subsection 7.3.2, it is directed to policies offered by the contractor to satisfy the requirements of 7.3.2, Commercial General Liability.

25. Inquiry: Provision 7.3.2.3 – The automobile liability does not have a per project or per location aggregate. The limits are per policy with specific limits appropriate to certain vehicles covered by the policy. Please clarify?

Answer: That is correct; the requirements under Section 7.3.2 all apply to Commercial General Liability insurance; it does not apply to the automobile liability insurance policy.

26. Question: Insurance Provision 7.3.2.6 – Policies are not available to purchase which cover entire contracts under the insured contract definition, only "insured contracts" as defined in the policy are covered. They are covered by written contract?

Answer: If one assumes that Subsection 7.3.2.6 means that the Board requires his/her company to purchase an insurance policy that covers entire contracts, then that is not what that Subsection is intended to convey. Subsection 7.3.2.6 means that the Commercial General Liability insurance policy provided for this contract work shall include coverage for "Broad Form Contractual Liability". This Broad Form Contractual Liability Insurance is defined as: "insurance that covers liability transferred in a wide variety of business contracts. This type of coverage is provided on a blanket basis by the broad form comprehensive general liability **endorsement** used with the 1973 CGL form and within the standard provisions of the 1986 and subsequent CGL forms." (*IRMI Glossary of Insurance and Risk Management Terms, Eleventh Edition, Copyright 2007*).

27. Inquiry: Provision 7.2.3.12 – General liability policies do not include this language because it is a warranty. Please clarify?

Answer: The Subsection 7.3.2.12 reads, "If the contractor's operations involve any construction, reconstruction, repair or similar work, no liability policy may contain any exclusion for such work." The reference to "no liability policy" should be read as "no Commercial General Liability insurance policy". What the Insurance Subsection 7.3.2.12 is conveying as a contractual requirement is that if a contractor purchases Commercial General Liability Insurance for this work, then that CGL insurance policy cannot contain any exclusion of insurance coverage if the contractor's operations involve construction, reconstruction, repair, etc. Stated another way, if the contractor's Commercial General Liability insurance policy contains an exclusion for construction, reconstruction, repair, etc. and the work that the RFP is describing includes construction, reconstruction, repair, etc. then effectively that Commercial General Liability Insurance policy provides no coverage for the contractor (or the Airport Board) because the policy contains an exclusion for construction, et. al. If the contractor buys a CGL policy that excludes coverage for construction, etc. and the contractor's contracted work is partially construction, etc. then the Commercial General Liability insurance is meaningless.

What the Insurance Subsection 7.3.2.12 is requiring is that if the contractor's work is going to involve construction, etc., then the general liability insurance provided by the contractor cannot have an exclusion for construction work. This requirement has nothing to do with providing a warranty.

28. Question: How taxes are treated for this proposed contract

Answer: The answer provided in Proposal Instructions and Requirements Section 7.5 is basically correct. The key (at least with regard to sales tax on the materials to be incorporated into the realty) is that the material is not being donated to the Board prior to installation. In that regard, please see 34 TAC Section 291(c)(2)(B) which provides, in relevant part, as follows:

"...a contractor in a non-exempt contract may purchase tax free tangible personal property that is used to improve real property that is owned by a governmental entity described in Tax Code

Section 151.309, if that tangible personal property is donated to the governmental entity and if the following conditions are satisfied:

(i) the contract between the contractor and the private party is a separated contract. See subsection (b) of this section for a discussion of lump-sum and separated contracts;

(ii) the contract provides that title to the materials used to perform the contract passes to the private party when the materials are delivered to the job site but before they are incorporated into the realty or used by either the contractor or the private party; and

(iii) the contract provides that the private party intends to donate the materials to the governmental entity before the materials are incorporated into the realty or used by the contractor. The private party must provide the contractor with a letter of intent or other document from the governmental entity that states its intent to accept the property.

Unless the developer has a separated contract with its contractor as described above, and unless, in that event, the developer donates the materials to the Board before the materials are incorporated into Board-owned realty, sales tax would be owed on the purchase of those materials. If the developer owns the improvements until the end of the lease term, the above rule cannot be satisfied.

29. Included as part of this addendum are the following documents, which will be issued separately via electronic transmission due to the amount of data/size of these files/documents do not accommodate them being issued in whole:
- a. A copy of the current CNG station's legal description and surveys, including surveys for the 2003 fuel pump expansion project.
 - b. "As built" for the current CNG station
 - c. "As built" for the current RCC bus maintenance facility
 - d. A recent one-week fueling activity report for the current CNG facility.

End of Addendum No. 2

