



**REQUEST FOR Qualifications and Preliminary Proposals**

**FOR**

**Energy Savings Performance Contract for Street lighting systems**

**City Manager's Department**  
**CITY OF HUNTINGTON BEACH**

**Released on 05/28/2012**

**Energy Savings Performance Contracts (ESPC) for Street lighting systems  
REQUEST FOR PROPOSAL (RFP)**

**1) BACKGROUND**

SCE recently changed their long-standing corporate policy to be willing to amicably sell utility owned street lights (LS-1 tariff) to local governments under Section 851 of the Public Utilities Code on a replacement costs new less depreciation (RCNLD) basis including an allowance for the developer's original capital contribution.

Huntington Beach (HB) is a charter city that is seeking long-term partners in re-structuring the provision of convenience and/or decorative based street lighting services that are currently owned by SCE. The primary driver is short and long-term savings to the General Fund (taxpayer) with transparency in the management of street lighting services through a long-term (10-20 year) partner. HB will maintain the city's existing signals and city owned street lighting programs and capabilities.

The city is a party to the current General Rate Case and Settlement Agreement concerning street lighting issues via the Coalition for Affordable Streetlights (CASL) led by the City of Moreno Valley. Our involvement with CASL has provided significant insights into the current condition and operations and maintenance practices of utility owned street lighting systems.

In addition, the city has matched recording dates for tract maps with our GPS located GIS street light inventory to arrive at ages for the bulk of the street light infrastructure in HB. 95% of the poles are beyond one or more of the useful lives used by SCE with some of the circuits having the possibility of significant deferred maintenance liabilities.

The city of Huntington Beach is in an Energy Leader Partnership with SCE at the Gold level and poised to earn Platinum status in 2012. Gold level incentives for lighting are 14 cents per annual avoided KWh. HB has already installed several hundred LED Street and area lighting fixtures, including bi-level shoebox and cobra head fixtures as well as unique wirelessly controlled dimming Acorn Globe style fixtures.

The city expects to own the street lighting assets. If a vendor wishes to include wireless site license management and revenue sharing, HB would review those proposals for potential inclusion into this deal. In addition, the city will consider the sale of energy efficiency credits as an additional cash flow to assist with financing and to increase savings to the General Fund.

The city's objectives are to provide structural improvements in the city's budget over the near and long-term and to maintain prudent and sufficient reserves for replacement of the street lighting infrastructure while gaining some additional control over the street lighting services to ensure the city's fiscal, street lighting and environmental objectives are met over the long-term.

HB over the last 3 fiscal years spent the following amounts on LS-1 (utility owned, un-metered) services. 12 months of copies of our bills are provided as an appendix to this RFQ/P.

FY 10/11 - \$1,819,895.93 and 6,083,688 KWh  
 FY 09/10 - \$1,803,547.07 and 6,005,463 KWh  
 FY 08/09 - \$1,710,962.76 and 5,945,107 KWh

The LS-1 fixture wattage distributions are as follows:

Lamp Model - HPS	Qty
4000L (50W)	5212
5800L (70W)	2919
9500L (100W)	585
16000L (150W)	2000
22000L (200W)	1010
27500L (250W)	615
50000L (400W)	6

The city has already conducted tariff analysis from the savings in converting from LS-1 to LS-2A and LS-2B rate schedules and expects that proposers would perform the same analysis independently to determine the potential free cash flow available to guarantee savings, service debt, cover cut over costs from SCE's system, energy and series circuit upgrades and maintenance and equipment replacement reserves. In addition, respondents are encouraged to estimate and substantiate potential wireless lease revenue & carbon revenue available to support the deal.

## 2. SCHEDULE OF EVENTS

This request for proposal will be governed by the following schedule:

Release of RFQ/P	08/15/2012
Deadline for Written Questions	08/24/2012
Responses to Questions Posted on Web	09/04/2012
Proposals are Due	09/14/2012
Proposal Evaluation Completed	09/28/2012
Negotiations	10/05/2012

## 3. SCOPE OF WORK

The City of Huntington Beach is seeking partners to assist in the purchase of the utility owned street lighting system. Qualified partners shall be capable of providing turn-key cutover capital improvements (SCE pre-qualified), series circuit conversion, energy efficient upgrades and long-term O&M services in support of restructuring street lighting services. The city has identified the following activities as essential knowledge, skills and abilities in this process:

- a) Street light valuation, purchase negotiations, legal expertise for purchasing street lights from investor owned utilities, amicably.

- b) Experience with SCE's Electrical service requirements and Applicant Design Standards and expertise in finding technical and policy solutions to convert LS-1 to LS-2-A or LS-2-B service with SCE staff.
- c) Cost-effective financing that includes securing additional wireless and/or carbon credit revenues. Cost effective financing is an essential competence for this deal as the spread between SCE's return on deployed capital the City's Weighted Average Cost of Capital is a major driver of value for this proposition.
- d) Upgrade to energy efficient and long life light sources (LED)
- e) Long-term maintenance agreement including joint reserves management for equipment repairs and replacements
- f) Savings guarantee of a minimum of \$200,000 in first year savings over the base case
- g) Convert the final 25 5KV series street lighting circuits (as shown below) to modern loop fed circuits.

Location	CircuitDescription	Voltage	FixtureQty	DisconnectLocation
6th	PCH to Orange	5KV	16	N/S Orange - E / Main
7th	PCH to Palm	5KV	16	Alley S / Palm -W / Main
8th	PCH to Palm	5KV	23	on ground, 8th E/S - N / PCH
10th	PCH to Palm	5KV	23	on ground, Alley N / PCH - W / 10th
11th	PCH to Palm	5KV	30	Alley N / PCH - W / 11th
12th	PCH to Orange	5KV	11	Alley N / PCH - E / 12th
13th	PCH to Palm	5KV	23	Alley S/S Orange - W / 13th
14th	PCH to Palm	5KV	22	Alley N / PCH- E / 15th
15th	PCH to Palm	5KV	24	on ground, Alley N / PCH- E / 15th
16th	PCH to Palm	5KV	24	on ground, Alley N / PCH- E / 16th
Crest	Lake to 14th	5KV	29	Alley E of Main- N / Crest
Edinger	Gothard to Goldenwest	5KV	8	S/S Edinger - Across from GW College
Golden West (3)	Edinger to McFadden	5KV	9	S/S McFadden Btwn Gothard & GW
Gothard (1)	Edinger to McFadden	5KV	13	S/S Edinger - Across from GW College
Main (4)	Pecan to 14th, west side	5KV	21	Alley S/S 10th - E / Main
Main (6)	Palm to 14th, east side	5KV	20	Alley S/S 10th - E / Main
McFadden	Goldenwest to Gothard	5KV	7	S/S McFadden Btwn Gothard & GW
Olive	1st to 17th	5KV	34	Alley S/S Olive - W / 13th
Orange (2)	11th to 18th	5KV	14	Alley S/S Orange W / 13th
Orange (3)	2nd to 11th	5KV	19	N/S Orange - E / Main
Palm	Main to 17th	5KV	24	Alley S/S Palm -W / Main
Walnut (3)	Main to 6th	5KV	4	S/S olive -W / 5th
Walnut (4)	11th to 17th	5KV	12	Alley N / PCH - E / 12th
Walnut (5)	6th to 11th	5KV	10	8th E/S - N / PCH

There are numerous distinct competencies that the city is seeking in a partner to successfully re-structure street lighting services and save HB taxpayers money. The city is aware that it is

highly unlikely that all of these competencies will be available in-house in one company so we expect that one or more of the activities will be through sub-contractors to the prime contractor. However, keeping the number of companies as team members to a minimum will be recognized as valuable in the evaluation of qualifications and preliminary proposals.

The city is requesting statements of qualifications and programmatic level proposals that include indicative pricing in an economic model that permits mutual (HB, contractor and SCE) analysis of variables such as interest rates, purchase price, LS-1 to LS-2 conversion costs, equipment unit costs, maintenance and reserves management, on-going participation in Street lighting cases via CASL, etc. Successful proposers shall have the following characteristics for each phase of effort:

- a) Purchase negotiations support
  - i) Demonstrated expertise in investor owned utility street light accounting practices and Public Utilities Code 851 sales and the Public Utility Commission Advice letter process.
  - ii) Demonstrated experience with assisting local governments in purchasing street lights from investor owned utilities, preferably SCE.
  - iii) At a minimum the proposal should include an economic model with RCNLD valuation and utility capital accounting principles and practices including capital requirements and cash flow financial analysis.
- b) Electrical Service Requirements
  - i) Ability and willingness to sign or have signed SCE's Non-disclosure agreement for Applicant Design Standards. Providers shall indicate in their proposals the date that their organization secured the applicant design standards. - [http://asset.sce.com/Regulatory/Distribution%20Manuals/ApplicantDesignStandards\\_OrderForm.pdf](http://asset.sce.com/Regulatory/Distribution%20Manuals/ApplicantDesignStandards_OrderForm.pdf)
  - ii) Ability to cost-effectively and amicably create both technical and policy solutions to interpretations of electrical service requirements between LS-1 and LS-2-A or LS-2-B service.
- c) Tax exempt lease purchase financing for purchase of street lights, energy efficient upgrades and Series circuit conversions
  - i) Demonstrated experience with cost-effective financing \$5-15M sized performance contracts and infrastructure projects
  - ii) Firms are permitted to provide alternative financing vehicles to the typical tax-exempt financing, but they will be considered only if the benefits to the city are clear without additional undue risks.
  - iii) Firms should provide indicative pricing for phases of capital based on references to published indexes such as a 10 yr Treasury plus a spread.
  - iv) Payment and Performance bonding capability up to \$15M in capital projects.
- d) Upgrades to energy efficient light sources on an open book basis with fully disclosed direct costs and markups.
  - i) Upgrades of the street light infrastructure to quality and long life LED light sources that maintain or improve current lighting levels.

- ii) Willingness to combine materials purchases for existing city owned street lighting energy upgrades and balance of intersection measures to be installed by city staff.
  - iii) Proposal shall include warranty responsibility for the new lamps and fixtures and include a minimum of 5 years but preferably 10 years warranty coverage.
  - iv) Include additive alternate option for controls to switch to a midnight off lighting program to assist with future cost control.
  - v) Include additive alternate option including the additional utility bill savings to move to LS-2-A service where as-built conditions permit.  
<http://www.sce.com/NR/sc3/tm2/pdf/ce37-12.pdf>
- e) Series circuit (5KV) conversion to loop fed circuits.
- i) Provide examples of series street lighting circuit conversion work in a Public Works environment.
  - ii) Provide examples of innovative, value engineering approaches to converting series circuits.
- f) Demonstrated experience with utility incentives for energy savings and SCE Energy Leader Partnership incentives.
- i) Provide 5 examples of successful administration of basic utility incentives.
  - ii) Provide examples of successful administration of SCE Local Government Energy Leader Partnership incentives.
  - iii) Familiarity with utility energy efficiency white paper process and PUC Energy Division approval process.
- g) Provide examples of experience with long-term maintenance agreements that include service levels and reporting procedures, including a call center to receive outage reports and dispatching for emergency calls.
- i) Long-term maintenance contract shall include charges to fund and policies and procedures to expend equipment replacement reserves from a jointly managed escrow fund.
  - ii) Demonstrate that staff has the qualifications and equipment to perform all aspects of street lighting work including both underground and overhead fed systems.
  - iii) Call center to dispatch maintenance crews
  - iv) Provide proposed service levels for emergencies, outages and equipment replacement.
- h) Demonstrated ability to create additional revenue from the sale of carbon credits or wireless site licenses associated with the energy savings from upgrade of these assets and/or wireless leases.
- i) Ability to access voluntary and mandatory carbon markets at attractive prices to provide revenue to support the re-structuring of street lighting services in HB and other energy efficiency measures.
  - ii) Experience with wireless siting and lease arrangements that include revenue sharing.
- i) The ability to provide a savings guarantee of a minimum of \$200,000 in first year savings and ensure that HB has an ongoing membership to the Coalition for Affordable Street lights (CASL) or its successor to participate in street light proceedings in the General Rate Cases.

- j) Proposer shall practice Environmental Preferred Purchasing (EPP) and responsible disposal through the city's franchise holder, Rainbow Environmental Services. HB has an EPP policy and prefers the use of ROHS compliant equipment and/or consumables.

## **1. PROPOSAL FORMAT GUIDELINES**

Interested potential partners are to provide the City of Huntington Beach with a thorough statement of qualifications and preliminary proposal using the following guidelines:

Proposal should be typed and should contain no more than 50 typed pages using a 12-point font size, including transmittal letter and resumes of key people, but excluding Index/Table of Contents, tables, charts, and graphic exhibits. Each proposal will adhere to the following order and content of sections. Proposal should be straightforward, concise and provide "layman" explanations of technical terms that are used. Emphasis should be concentrated on conforming to the RFQ/P instructions, responding to the RFQ/P requirements, and on providing a complete and clear description of the offer. Proposals, which appear unrealistic in the terms of technical commitments, lack of technical competence or are indicative of failure to comprehend the complexity and risk of this contract, may be rejected. The following proposal sections are to be included in the bidder's response:

### **A. Vendor Application Form and Cover Letter**

Complete Appendix A, "Request for Proposal-Vendor Application Form" and attach this form to the cover letter. A cover letter, not to exceed four pages in length, should summarize key elements of the proposal. An individual authorized to bind the company must sign the letter. The letter must stipulate that the markups associated with direct costs and investment grade assessment proposal price will be valid for a period of at least 180 days. Indicate the address and telephone number of the contractor's office located nearest to Huntington Beach, California and the office from which the project will be managed.

### **B. Background and Project Summary Section**

The Background and Project Summary Section should describe your understanding of the City, the work to be done, and the objectives to be accomplished.

Provide a background or your companies Energy Savings Performance Contracting business including the following information.

- Years in business
- Description of at least three large (over \$5MM ESPC projects)
- Description of experience with purchasing street lighting systems from investor owned utilities.
- Description of street lighting specific knowledge, skills and abilities.
- Description of past work of similar scope and scale performed with municipalities

- Provide evidence of energy efficiency and street lighting certifications and capabilities.
- Provide an overview of your company's and all potential subcontractors financial stability
- Ability to performance and payment bond for projects up to \$15M

C. Methodology Section

Provide a detailed description of the approach and methodology for your proposed project development and implementation process including key process elements, decision points, and risk mitigation strategies to be used to accomplish the Scope of Work of this RFP. The Methodology Section should include all of the fields below for each of the specific activities:

- purchase support,
  - electrical service requirements (cut over costs) engineering support,
  - financing,
  - energy efficiency upgrades,
  - series circuit upgrades,
  - maintenance & reserves policies and procedures,
  - carbon and wireless revenue,
  - participation in Public Utilities Commission proceedings and rate cases
- 1) An implementation plan that describes in specifically, in detail (i) the methods, including controls by which your firm manages projects of the type sought by this RFQ/P by area of expertise; (ii) methodology for soliciting and documenting views of internal and external stakeholders; (iii) and any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.
  - 2) Detailed description of efforts your firm will undertake to achieve client satisfaction and to satisfy the requirements of the "Scope of Work" section.
  - 3) Detailed project schedule, identifying all tasks and deliverables to be performed, durations for each task, and overall time of completion.
  - 4) Detailed description of specific tasks you will require from City staff. Explain what the respective roles of City staff and your staff would be to complete the tasks specified in the Scope of Work.

D. Staffing

Provide a list of individual(s) who will be working on this project and indicate the functions that each will perform. Include a resume for each designated individual.

The City of Huntington Beach has a local bidder's preference ordinance. Describe your local (inside HB) engineering, construction management and maintenance staff.

Upon award and during the contract period, if the contractor chooses to assign different personnel to the project, the Contractor must submit their names and qualifications including information listed above to the City for approval before they begin work.

E. Qualifications

The information requested in this section should describe the qualifications of the firm, key staff and sub-contractors performing projects within the past five years that are similar in size and scope to demonstrate competence to perform these services. Information shall include:

- 1) Names of key staff that participated on named projects and their specific responsibilities with respect to this scope of work.
- 2) A summary of the your firm's demonstrated capability, including length of time that your firm has provided the services being requested in this Request for Proposal.
- 3) Provide at least five local references that received similar ESPC services from your firm. The City of Huntington Beach reserves the right to contact any of the organizations or individuals listed. Information provided shall include:
  - ◆ Client Name
  - ◆ Project Description
  - ◆ Project start and end dates
  - ◆ Client project manager name, telephone number, and e-mail address
- 1) Debarment and Suspensions – proposer nor their subcontractors shall have been debarred or suspended
- 2) Non-collusion form

F. Preliminary Fee Proposal

Provide pricing per phase with unit costs broken out.

Purchase support activities – T&M hourly rates by job title including an hours budget not to exceed a specific amount, this amount should include the cost of SCE's study and calibration of the HB and SCE studies.

Financing – Indicative interest rates expressed in the form of an index plus % for specified ranges of capital. Financing can be provided in phases as the project develops.

Upgrades to energy efficient light sources – per unit cost for upgrades (materials and labor) to LED and/or induction (cobra heads and acorn globe fixtures).

Upgrades to series circuits – Engineer/Construction Management estimates with unit prices for major sub-assemblies

Carbon Revenue – Revenue to the deal expressed in \$X.XX per annual avoided KWh or m-ton of CO<sub>2</sub>e and accounted for in the financing cashflows.

Wireless Lease Revenue – revenue projected to the deal expressed in dollars per active pole for wireless services and revenue sharing provisions with HB and accounted for in the cashflows.

Maintenance and Reserves – Annual cost of maintenance and suggested reserves funding level and policies and procedures for expenditures.

CASL contribution on behalf of HB - \$10,000 annually to CASL or successor to participate in Rate Cases affecting street lighting costs

## **5. PROCESS FOR SUBMITTING PROPOSALS**

All proposals must be submitted in PDF file format. Pro Forma models shall be submitted in unlocked Microsoft Excel compatible formats.

### **◆ Content of Proposal**

The proposal must be submitted using the format as indicated in the proposal format guidelines.

### **◆ Preparation of Proposal**

Each proposal shall be prepared simply and economically, avoiding the use of elaborate promotional material beyond those sufficient to provide a complete, accurate and reliable presentation.

### **◆ Number of Proposals**

Submit one (1) PDF file format copy of your proposal in sufficient detail to allow for thorough evaluation and comparative analysis.

### **◆ Submission of Proposals**

*Complete written proposals must be submitted electronically in PDF file format via the Planetbids.com website no later than 4:00 p.m. (P.S.T) on 09/14/2012. Proposals will not be accepted after this deadline. Faxed or e-mailed proposals will not be accepted.*

### **◆ Inquiries**

*Questions about this RFP must be directed in writing, via e-mail to:*

Jim Slobojan, Fiscal Services Manager  
jslobojan@surfcity-hb.org

From the date that this RFP is issued until a firm is selected and the selection is announced, firms are not allowed to communicate for any reason with any City employee other than the contracting officer listed above regarding this RFP, except during the pre-proposal conference and any interviews scheduled by the city. Refer to the Schedule of Events of this RFP or the City webpage to determine if a pre-proposal conference has been scheduled. The City reserves the right to reject any proposal for violation of this provision. No questions other than written will be accepted, and no response other than written will be binding upon the City.

◆ **Conditions for Proposal Acceptance**

This RFP does not commit the City to award a contract or to pay any costs incurred for any services. The City, at its sole discretion, reserves the right to accept or reject any or all proposals received as a result of this RFP, to negotiate with any qualified source, or to cancel this RFP in part or in its entirety. All proposals will become the property of the City of Huntington Beach, USA. If any proprietary information is contained in the proposal, it should be clearly identified.

**6. EVALUATION CRITERIA**

The City's consultant evaluation and selection process is based upon Best Value selection under Government Code 4217, that governs energy services contracts and specifically authorizes the city to enter into multi-year financing that is in the best interest of the taxpayer. The City of Huntington Beach may use some or all of the following criteria in its evaluation and comparison of proposals submitted. The criteria listed are not necessarily an all-inclusive list. The order in which they appear is not intended to indicate their relative importance:

- A. Compliance with RFQ/P requirements
- B. Understanding of the project
- C. Recent experience in conducting similar scope, complexity, and magnitude projects for other public agencies
- D. Educational background, work experience, and directly related consulting experiences
- E. Price, Mark-ups, term of agreement and guaranteed savings
- F. References

The City may also contact and evaluate the bidder's and subcontractor's references; contact any bidder to clarify any response; contact any current users of a bidder's services; solicit information from any available source concerning any aspect of a proposal; and seek and review any other information deemed pertinent to the evaluation process. The evaluation committee shall not be obligated to accept the lowest priced proposal, but shall make an award in the best interests of the City.

After written proposals have been reviewed, discussions with prospective firms may or may not be required. If scheduled, the oral interview will be a question/answer format for the purpose of clarifying the intent of any portions of the proposal. The individual from your firm that will be directly responsible for carrying out the contract, if awarded, should be present at the oral interview.

A Notification of Intent to Award may be sent to the vendor(s) selected as qualified bidders. Award is contingent upon the successful negotiation of final contract terms. Negotiations shall be confidential and not subject to disclosure to competing vendors unless an agreement is reached. If contract negotiations cannot be concluded successfully, the City may negotiate a contract with the another qualified firm or withdraw the RFP.

**7. STANDARD TERMS AND CONDITIONS**

◆ Amendments

The City reserves the right to amend this RFP prior to the proposal due date. All amendments and additional information will be posted to the Huntington Beach

Procurement Registry, [Huntington Beach - Official City Web Site - Business - Bids & RFP's](#); bidders should check this web page daily for new information.

- ◆ Cost for Preparing Proposal  
The cost for developing the proposal is the sole responsibility of the bidder. All proposals submitted become the property of the City.
- ◆ Contract Discussions  
Prior to award, the apparent successful firm may be required to enter into discussions with the City to resolve any contractual differences. These discussions are to be finalized and all exceptions resolved within one (1) week from notification. If no resolution is reached, the proposal may be rejected and discussions will be initiated with the second highest scoring firm. See Exhibit B for a sample agreement.
- ◆ Confidentiality Requirements  
The staff members assigned to this project may be required to sign a departmental non-disclosure statement. Proposals are subject to the Freedom of Information Act. The City cannot protect proprietary data submitted in proposals.
- ◆ Financial Information  
The City is concerned about bidders' financial capability to perform, therefore, may ask you to provide sufficient data to allow for an evaluation of your firm's financial capabilities.
- ◆ Insurance Requirements  
City Resolution 2008-63 requires that licensees, lessees, and vendors have an **approved** Certificate of Insurance (not a declaration or policy) on file with the City for the issuance of a permit or contract. Within ten (10) consecutive calendar days of award of contract, successful bidder must furnish the City with the Certificates of Insurance proving coverage as specified in Appendix C. Failure to furnish the required certificates within the time allowed will result in forfeiture of the Proposal Security.

***Please carefully review the Sample Agreement and Insurance Requirements before responding to the Request for Proposal enclosed herein. The terms of the agreement, including insurance requirements have been mandated by City Council and can be modified only if extraordinary circumstances exist. Your response to the Request for Proposal must indicate if you are unwilling or unable to execute the agreement as drafted as well as providing the insurance requirements. The City will consider this in determining responsiveness to the Request for Proposal.***

***Appendix A: Request for Proposal-Vendor Application Form***

***Appendix B: Street light settlement agreement***

***Appendix C: Insurance Requirements***

***Appendix D: SCE Powerpoint on sale of street lights***

***Appendix E: Copies of 12 months of LS-1 bills***

***Appendix F: SCE street light inventory (PDF)***

*Appendix G: HB GIS data on street light inventory*