

Novato Sanitary District
District WWTP Operations, Maintenance & Management Services
Addendum # 2
6/12/09

1. Please clarify the site and facilities included in the scope of work. For example, is the administration office/lab building included in the scope for power requirements, building maintenance, grounds keeping/landscaping, etc.?

Answer: No. See Addendum # 1 for elaboration of janitorial services.

2. Is piping located outside the plant boundaries included for maintenance purposes? For example: influent and effluent piping, sludge transfer and decant piping – pigging, etc.

Answer: No, unless as a result of the contractor's operation of the treatment facilities: (a) the frequency of such regular maintenance increases or (b) abnormal maintenance is required.

3. Will office space be available for the contract operator?

Answer: Yes, NSD will provide office space (including locker & shower facilities) within the existing NSD Administration building

4. For decommissioned facilities left in place, which, if any are expected to be maintained under the contract?

Answer: None. If such an eventually or need were to occur, the District will develop a mutually acceptable scope of services addition for the contract in place at the time.

5. Will the existing tools, PPE and safety equipment inventory be transferred to the contract operator?

Answer: Strictly from a liability perspective, it is suggested that all prospective bidders plan on providing all tools, PPE and safety equipment that they deem required for safe and reliable operations. All applicable parts, supplies, and specialized tools related to the operation or maintenance of specific equipment or treatment units will be appropriately transferred to the successful bidder.

6. Please provide job descriptions for the 9 personnel to be transferred to the contract operator and each person's California wastewater certification level.

Answer: Position title, names and certification levels as applicable are provided in the table below. Position Descriptions are provided as Attachment A to this Addendum.

No.	Position Title	Name	SWRCB Wastewater Certification Level
1.	WW Facilities Manager	Ed Mann	Grade V
2.	Operations Leadworker	Dasse DeLongh	Grade III
3.	WWTP Op I	Mark Eddington	Grade I
4.	WWTP Op II	Tony Silva	Grade III
5.	Mech Tech II	Brain McGrane	NA
6.	WWTP Op II	Jim Lynch	Grade III
7.	Mech Tech II	Norman Longman	NA
8.	Mech Tech Leadworker	Angel Medina	NA
9.	WWTP Op II	Dean Heffelfinger	Grade II

7. Please provide the benefits information for staff to be transferred (e.g. name of health plan and coverage provided, retirement benefits, disability, etc.). We need the detail of the plans to determine the "substantially equivalent" language in the MOA. The CalPERS information for pension plan analyses is particularly important to be able to compare plans.

Answer: Please see Addendum # 1, item # 2 and Attachments A & B. Also, see the MOU that is provided as Attachment B of Addendum #2.

8. Please clarify that NSD Laboratory personnel will collect all compliance samples for the Facility.

Answer: Yes. Also, while the District can run process control samples (or certain other samples) for the contract operator on a cost reimbursement basis, the contract operator is free to explore their own options for process control samples (or certain other samples), which may range from providing an on-site lab trailer to utilizing commercial laboratories.

9. In Form 4, Pass-Through Costs are divided into Subforms A and B. However, there is no indication what scenarios are to be provided on each Subform. Can you please clarify what is expected on these forms?

Answer: Form 4, Pass Through Costs are to be used consistent with the Form 3 A & B Service Fee Costs so that Form 4A provides Pass Through Costs for Services provided under Service Fee Form 3A (at contract start) and Form 4B provides Pass Through Costs for Services provided under Service Fee Form 3B (Facilities in Operation at Completion of Construction).

10. In light of the current Federal Investigation, will the District be receptive to specific contractual language to release, hold harmless, and indemnify respondent in relation to all activities and events that pre-date respondent's commencement of services?

Answer: In light of a pending EPA investigation into potential violations of the Clean Water Act at the District alleged to have occurred in 2007, clarification may be appropriate as to the respective responsibilities of the Company and the District for any resulting costs or penalties which may arise as a result of the investigation. Although the exact nature of the issues being investigated by the EPA are not known, it is clearly understood that the investigation deals with alleged activities occurring prior to the effective date of the contract between the District and the Company. There is no indication that the investigation deals with any conduct which might be continuing into the contract period. The District therefore accepts responsibility for additional costs, if any were to occur during the contract period, arising directly from the EPA investigation or the incidents which may be the subject of the investigation. The additional costs contemplated by this paragraph may include any penalties imposed, costs resulting from responding to enhanced regulatory oversight, modified NPDES conditions, increased monitoring or other operational costs resulting from the EPA investigation. The District shall also be responsible for legal and consulting costs, if any, arising directly from the EPA investigation and any regulatory or legal actions taken by a Federal Agency as a result of the investigation. To the extent that the Company or any of its current employees require legal services directly arising out of the EPA investigation, which services are in addition to that otherwise potentially required in the carrying out of this contract absent the EPA investigation, the District agrees to hold the Company and said employees harmless and to provide reasonable defense costs

- 11.. Please clarify the reasoning for offering indemnification in the event that the District does not approve a major repair or replacement during the period of existing treatment plant operation,

but not during the period of new treatment plant operation (as referenced in Appendix F, section 3.11). Would the District be receptive to indemnification at any time that the District does not approve a major repair or replacement?

Answer: During the period of new treatment plant operation, the responsibility for proper maintenance and the documentation of that maintenance is a responsibility of the Contract Operator. As stated in the RFP documents, the Contract Operator must demonstrate to the District that preventative maintenance and equipment manufacturer required maintenance was performed on a piece of equipment or system. Otherwise, the financial costs for the equipment repair and / or replacement are the responsibility of the Contract Operator. Consistent with this understanding and contract provisions, the District would provide indemnification protections for those instances where the District was financially responsible for the equipment repair and / or replacement.

12. In light of respondent potentially hiring a union workforce already in place, please indicate whether the District is receptive to deleting the District's contractual right to terminate the agreement for labor unrest (as referenced in Appendix F, section 5.4).

Answer: No

13. With regard to Appendix F, section 5.7 (non-compliance assessment), will the District agree that respondent's liability for fines and civil penalties (including any non-compliance assessment) shall be limited to those that result from respondent's breach, negligence or willful misconduct?

Answer: The District does not wish to debate provisions for responsibility for breach, negligence or willful misconduct and prefers the language as outlined in the referenced Appendix F, section 5.7.

14. Please clarify what portions of the "work scope" could result in a non-compliance assessment of \$1,000 per day, as referenced in Appendix F, section 5.7.

Answer: Any and all portions of the workscope contained in the Service Agreement document as outlined in Appendix F – Agreement term Sheet where repeated failure to responsively perform occurs and is not corrected after written notifications by the District.

15. With regard to RFP section 4.3.8 b (Liability Indemnification to Be Provided the Proposer), please indicate whether the District is amenable to deleting the word "sole", and revising the language to provide that the District will indemnify "to the extent of the District's

negligence...” Under the current language, a situation could exist where the District is 99-percent negligent and respondent is 1-percent negligent, yet respondent would remain 100-percent liable for the damages (because the District is not “solely” negligent). Please consider that successful partnerships are based upon each party accepting the responsibility for their own actions. However, if the current language reflects the intent of the District, please explain the reasoning for such risk allocation.

Answer: The District is receptive to the concepts being presented.

16. Will the District be conducting impact/effects bargaining with the union prior to transitioning the employees to the contractor, or do both parties consider the MOA to be their impact bargaining agreement?

Answer: The MOA is the impact bargaining agreement and has been signed by the Teamsters Union and the District.

17. Can you provide any documented “past practices” that are not included in the CBA or the MOA?

Answer: Yes, the District provides uniforms at no cost to employees exposed to sewage as part of the health and safety program.

18. What office space is available for the contact operator? Will we be required to rent office space or portable office space?

Answer: The District will provide, at no cost to the contract operator, suitable office and meeting space within the District’s Administrative building. The District will also provide locker room and shower facilities at no cost to the contract operator. Please see Addendum #1 for elaboration of Janitorial Services.

19. What lab facilities are available for the contract operator? Will the District’s lab run process control samples?

Answer: While the District lab can run process control samples for the contract operator on a cost reimbursement basis, the contract operator is free to explore their own options for process control samples which may range from providing an on-site lab trailer to utilizing commercial laboratories.

20. What was the design ammonia load for the new facility? What was the combined ammonia load (from the Ignacio and Novato WWTP) for the past 12 months?

Answer: All design loading information for the new facility is provided in Technical Memorandum TM 1.02 Design Criteria, Process flow Schematics (Revision2) of the Novato Sanitary District Detailed Planning Document. A copy of the Table 4 from the TM which lists the loading criteria is provided below but bidders should feel free to refer to that document.

Table 4 Influent Loadings at Buildout

Constituent	Average Concentration, mg/l	Average Loading, lbs/day ⁽¹⁾	Maximum Month Loading, lbs/day ⁽²⁾
BOD	250	14,600	16,800
TSS	301	17,600	20,200
NH3-N	25	1,460	1,680
TKN	37.5	2,190	2,520

¹ At average day dry weather flow of 7.0 mgd

² Using a 15% peaking factor above average loading. This is a lower peaking factor than initially calculated in the Facility Plan. However, the NSD service area is a residential area and does not include significant industrial flow, tourism, or other factors that would induce high peaking factors. Per ASCE Design of Municipal Wastewater Treatment Plants, WEF Manual of Practice No. 8, “typical peaking factors for ...BOD loads based on a 98th percentile are as follows: maximum 30-day = 1.14 to 1.2”. The maximum month peaking factor of 1.15 used in the Detailed Planning document is in the lower portion of this range and is appropriate for the conditions in the NSD service area.

21. Is a daily diurnal load profile available?

Answer: The District does not typically prepare a daily load profile on a regular basis. Raw influent flow and load data can downloaded and provided for any periods of interest, as requested.

22. Regarding the Cease and Desist Order R2-2008-0029, what aspects of the design for the new WWTP were incorporated to meet the copper and cyanide limits? What operational strategy did the design engineer anticipate to meet these limits? Are these strategies and control different if the site-specific objectives that have been adopted by the Regional Water Board are approved by US EPA?

Answer: The copper and cyanide site-specific objectives (SSOs) are now in effect. The cyanide SSO was approved by USEPA in July 2008 and the copper SSO was approved in January 2009. The Cease and Desist Order limits for Copper of 19 µg/L and Cyanide of 9.2 µg/L will be in effect until the new plant is on line when the alternate limits will go into effect.

The District has no sources of Cyanide in the service area. Occasional cyanide readings in the effluent are thought to be due to chlorination. The new plant will use UV instead of chlorination.

The alternate copper limits appear to be achievable with the proposed activated sludge treatment system. Particularly since it incorporates an anoxic zone which has been shown to enhance metals removal.

23. Who is preparing the application for the new NPDES permit (existing permit expires Dec. 2009)? Has the application been filed and is a copy available for review?

Answer: Oakley Water Strategies is preparing the application which will be filed in early July 2009; a copy may be requested when available.

24. Are all AQMD permits in hand for the generators, flare and any other facility that is required to have an AQMD permit?

Answer: Facilities at the existing plants requiring a BAAQMD permit are permitted. A permit application was filed with BAAQMD and is being processed by them for new facilities being constructed as part of the upgrade project and requiring permitting.

25. Does the general housekeeping that is included in the contract include paving and periodic striping of the plant roadways and parking areas?

Answer: No – see Addendum # 1 for elaboration.

26. What are the terms of the union contract/negotiations? What is considered “cause for dismissal”? Can operators be dismissed if they fail to meet performance, training or certification objectives?

Answer: See Article 23 of the MOU as Attachment B of this Addendum, and Sections 10 and 17 of the Personnel Rules and Regulations as Attachment C of this Addendum. Also, for your reference is Attachment D – Impositions Through June 2009.

27. How is the CAP formula developed? What is the basis of the CAP (unit of flow, first year, fifth year, etc?) What is the flow/ load projection used in the life-cycle costing?

Answer: The District interprets this question to be addressing the annual Compensation Adjustment Process specified in Section 4.3.5 of the RFP document with the methodology specified in Section 4.3.5 of the RFP and Appendix G, Schedule 8.

Additional compensation adjustments for changes in flows and loadings from the current (May 2009 averages) are outlined in the RFP document and specifically detailed in Proposal Form 7 where the twelve month moving average concept is presented.

The flow/loading profile to be used in the life cycle costing will be the twelve month average for each item as calculated for May 2009, based upon the June 2008 – May 2009 time period. While the life cycle cost comparisons will be done based upon the May 2009 twelve month averages, the costing analysis will also develop the cost impacts associated with a 20% increase and a 20% decrease in the flow and loading averages as additional input for the costing assessment.

28. What is the genesis of the long-standing union issue at the plant – and what precipitated the EPA/FBI event? How will the District work with the next contractor to minimize these issues?

Answer: Employees of NSD elected Teamster union representation in December 2005. The first MOU was adopted for one year July 1, 2007 to June 30, 2007. Subsequent negotiations in 2007 and 2008 focused primarily on compensation related issues. The NSD Board imposed the current conditions in July 2008 and NSD operates under this imposed agreement and the set of conditions in the previously adopted MOU. Copies of the MOU and the imposition are attached.

The EPA/FBI executed a search warrant based on a sealed affidavit. While the affidavit remains sealed, Baykeeper has claimed in the press that they forwarded allegations to the EPA regarding a spill in October 2007 and digester cleaning in March 2007. Riverwatch shared similar allegations with the District prior to the EPA/FBI and District legal counsel had an independent review performed. The review found no deficiencies in the sampling / reporting protocols or procedures. The report was accepted by the NSD Board May 8, 2009 and a copy is available in the project data library.

The District (Staff and Board) will continue its open communication on the EPA/FBI review investigation. The District has negotiated a Memorandum of Agreement (MOA) with the union representative (Teamsters) which is signed by the Union Representative and the NSD Board; each eligible NSD employee wishing to receive a job offer from the Proposer selected for contract operations must sign the MOA as must the selected Proposer as part of the contract requirements for the selected Proposer. A listing of eligible employees, compensation, and the MOA were provided in Addendum # 1.

29. When will the draft Service Agreement referenced in Section 2.5 of the RFP document be provided for usage in responding to proposal Form 10 of the RFP “Suggested Changes to Terms and Conditions of the Service Agreement Term Sheet (Optional)”?

Answer: The District will utilize the Agreement Term Sheet included with the RFP (Appendix F&G) as the basis for satisfying the provisions of Section 2.5 of the RFP and the basis for any comments to be submitted using Proposal Form 10. No draft Service Agreement will be issued at this time. Subsequent to the receipt and evaluation of Proposals, the draft Service Agreement will be made available as a working document for the replacement for the Agreement Term Sheet for finalization of contract negotiations with the selected Proposer (provided the Board votes to proceed forward and finalize contract documents with the Proposer recommended by the Evaluation Committee).

30. Does the District have an update on which of the nine employees may request job offers as specified in the MOA Agreement?

Answer: The District can provide this update. As of June 12, 2009, two employees are in the process of negotiating incentives to retire rather than transfer (their positions are an operator 1 and a mech tech). In addition, the District plans to transfer one additional employee to Collection Systems/Pump Stations. It is therefore likely that no more than 6 employees will transfer. Proposers should therefore plan on 6 transfers under the MOA. Should more or less MOA employment transfers be affected at time of contract signing, the District and the selected proposer will negotiate the cost impacts based upon the Proposer's documented cost increases or decreases that result from the change in the number of the transfers.

So as to facilitate any cost adjustment process that would occur as a result of more or less transfers, Proposers are requested to provide the incremental cost impact to their proposal for each of the nine (9) transfers as compared to providing their own employees under their standard employment package. Should the number of transfers vary from the indicted six positions; these incremental costs would then serve as the basis for the cost adjustment to the Proposer's annual Service Fee. Please include this incremental cost information, as requested, in your response to Form 9 of the RFP document.