



July 25, 2018

To All Prospective Respondents

Request for Qualifications for the Design-Build-Finance-Operate-Maintain for Optimizing PRASA's Metering Infrastructure and Customer Service Experience

Addendum #2

We make reference to the Request for Qualifications for Design-Build-Finance-Operate-Maintain for Optimizing PRASA's Metering Infrastructure and Customer Service Experience ("**RFQ**") issued by the Puerto Rico Public-Private Partnerships Authority ("**Authority**") on June 18, 2018. This Addendum #2 includes responses to Requests for Clarifications / Information received that were not addressed in the Addendum #1 published on July 5, 2018.

According to Section 1.5.1 of the RFQ, a Respondent may submit a request for clarification ("**RFC**") to the Authority for explanation or interpretation of any matter contained in the RFQ. Capitalized terms not defined in this response take their meaning from the RFQ.

The following information is included in this Addendum #2:

- I. Changes to the RFQ Document published on June 18, 2018,
- II. Responses to Requests for Clarifications / Information received

I. Changes to the RFQ Document published on June 18, 2018

1. Section 3.3, page 3-4, Minimum Experience Requirements, second bullet has been amended as follows:

- Must have performed at least two customer service focused projects in the last 10 years. For commencing and ongoing projects **with contract/agreement duration less than or equal to 10 years**, it will be counted as a reference if 50% of the Contract Term has already transpired. **For ongoing projects with contract/agreement duration greater than 10 years, it will be counted as a reference if at least 25% of the Contract Term has already transpired.**

2. Section 3.3, page 3-5, Minimum Requirements for Key Staff, Technology Program Manager has been amended as follows:

- **Technology Program Manager:** The Technology Program Manager shall have at least **10** years of experience implementing technology programs related to metering infrastructure, and shall demonstrate understanding and proficiency of utility operations, customer service activities, technology hardware and software integration, in addition to experience in managing staff, budgets and schedules.

II. Responses to Requests for Clarifications / Information received from Prospective Respondents

RFC # 023

Given that the “Sponsor envision[s] that Proponents will consist of teams (consortiums, joint ventures, or partnerships) of local, U.S. and/or international firms” (RFQ, Section 1.7) and that the RFQ also makes reference to a “Team Member” as a “member of a Respondent” (see Section 3.1.1), will the Sponsor take into account the relevant project experience (see, for example Section 3.3) to be accredited for the Project by the either a parent company, subsidiaries or affiliates of the same business group who has control over the Team Member?

RESPONSE:

Technical experience must be demonstrated through the experience and references of the companies included in the Proponent’s team.

RFC # 024

Can you explain the requirement “Provide billing services support (technology)” identified in page 2-3? Would the Proponent have to be involved in the billing process and the billing systems?

RESPONSE:

The Selected Proponent(s) would be required to provide support activities to PRASA related to billings and provide the necessary information for PRASA's billing processes. Billing services support includes, but is not limited to the following activities:

- The Contractor shall provide billing support services within its assigned Zone.
- The Contractor shall ensure that all customer billing information is updated and transferred to PRASA for every Billing Period in compliance with the dates that will be defined in the billing schedule.
- The Contractor shall update and maintain PRASA's SAP System customer database with the parameters and information needed to bill customers in its assigned Zone.
- The Contractor shall be responsible for updating the necessary information in the SAP System for additional fees to ensure that these are included in the customer's bill. These services include, but are not limited to: new account deposits, new service line, reconnection fees, fire protection systems (e.g., sprinklers), penalties due to theft, meter calibration requests, wholesale water, private hydrants, administrative charges (i.e., bounced checks), and other items included in the rate structure.

Specific scope related to billing activities will be provided in detail in the RFP.

RFC # 025

Can you explain the requirement "Prepare and distribute written communications to customers" identified in page 2-3?

RESPONSE:

The Selected Proponent(s) would be required to execute the following activities:

- The Contractor shall be responsible for notifying customers of the administrative decisions/resolutions regarding customer service requests and for printing and mailing direct communications (business-related or informational) to customers.

Specific scope related to preparation and distribution of written communications will be provided in detail in the RFP.

RFC # 026

Can you explain the requirement "Support PRASA with virtual offices, web-based customer service applications, and mobile phone app" identified in page 2-4? For example, would the Proponent have to be in charge of these systems and platforms?

RESPONSE:

This requirement refers to, but is not limited to the following activities:

- The Contractor will be responsible for providing a web-based account management system. Contractor will be responsible for maintaining and operating the website and for the maintenance and operation of the Mobile APP.

Specific scope related to this task will be provided in detail in the RFP.

RFC # 027

In order to allow more flexibility in the designation of the Technology Program Manager (considering the newest technology available in the market) would the Sponsor consider reducing the amount of years of experience from 15 years to 5 years? (see Section 3.3 in page 3-5).

RESPONSE:

The experience requirement has been revised to 10 years.

RFC # 028

SOQ Requirements (4.1) and SOQ Form 6 (Letter of Credit): The SOQ stipulates a requirement of an “Ability to secure a LOC in the amount of \$10 million” and the submission of Form 6. Form 6 is designed for a single Banking Institution to provide the letter of intent of the LOC for a single entity (Proponent). However, at the SOQ stage, the SPV for the consortium will not be created, as that is usually done at the earliest after proponents have been shortlisted. Will the Sponsor accept aggregate LOCs from all Team Members which sum up to the required \$10 million?

RESPONSE:

No, this will not be accepted. The Sponsor will accept Form 6 of the SOQ to be issued on behalf of the company which will constitute the new Single Purpose Vehicle (SPV) or serve as the single proponent or the Lead JV Partner. However, the LOC will be required as part of a submitted Proposal, at this stage the Proponents are required to certify their ability to obtain and submit a LOC of such quantity.

RFC # 029

SOQ Form 6: Form 6 requires that a Banking Institution which “is authorized to do business in the Commonwealth of Puerto Rico” commit to providing a Letter of Credit. Would the Sponsor accept a letter of credit from a Banking Institution which is present and authorized to do business in the USA, yet does not have a local presence in Puerto Rico?

RESPONSE:

Banking Institutions that are present and authorized to do business in the USA, but with no local presence or authorization to do business in Puerto Rico must (i) either register to do business in Puerto Rico as a Banking Institution through the Office of the Commissioner of Financial Institutions (OCFI) or (ii) obtain a no objection letter from OCFI stating that OCFI does not object to the Banking Institution providing the Letter of Credit.

RFC # 030

SOQ Form 7: Form 7 requires that an Insurance Company provide the Letter of Intent. However, at such an early stage (RFQ), it is more common and feasible to obtain a letter from the Proponent’s Insurance Broker regarding the Proponent’s ability (financial) and intent to obtain the required insurance in the market. Would the Sponsor accept a letter from an internationally recognized and reputable insurance broker in lieu of the insurance company?

RESPONSE:

Yes, a letter from an internationally recognized and reputable insurance broker in lieu of the insurance company will be accepted in the RFQ phase.

RFC # 031

SOQ Form 6: Form 6 (Letter of Intent for Letter of Credit) requires that a Financial Institution commit to providing a Letter of Credit “should [Name of the Proponent] be awarded a Public-Private Partnership Contract...”. However, it is unlikely that Consortiums will have formed a special purpose vehicle (SPV) to serve as the “Proponent” at this stage of the procurement process (RFQ). Will the Sponsor accept Form 6 of the SOQ to be issued on behalf of the company which will constitute the new Single Purpose Vehicle (SPV) or serve as the single proponent or the Lead JV Partner?

RESPONSE:

Yes, this is acceptable.

RFC # 032

Will PRASA provide a list of local preferred vendors?

RESPONSE:

A list of local preferred vendors will not be provided by the Sponsors.

RFC # 033

Requirements of the Act (page 3-3). Can the two legal requirements for the Act for the RFQ may be submitted in the form of Declarations signed by the Proponents?

RESPONSE:

Yes. Also, each team member must submit SOQ Form 1 as indicated in the RFQ.

RFC # 034

Financial Qualification Requirements (Section 3.4, page 3-5). Please specify the formulas and scoring criteria for the ratios mention below which the Proponent must meet to demonstrate its financial capacity to perform the Project: a) Adequacy of equity; b) Profitability; c) Availability of liquid equity and d) debt to equity ratio.

RESPONSE:

All criteria will be evaluated according to Section 3.5 of the RFQ.

RFC # 035

Can there be more than one Prime Proponent per Team because on page 3-4, first bullet point of minimum experience requirements, states “Prime Proponents” in plural, suggesting that there can be more than one Prime Proponent.

RESPONSE:

No, only one Prime Proponent per team is permitted. However, if the Proponent is composed of two 50/50 equity partners, then Proponents should clearly explain this composition in their RFQ response.

RFC # 036

Is the Statement of Ownership (SOQ Form 3, page A4) required for the Prime Proponents or all team members?

RESPONSE:

Please provide one form for each member of Proponent's team.

RFC # 037

The cover letter must be signed by an authorized representative of the Proponent. In case the SOQ is being submitted by a consortium of companies, what type of document shall be submitted by the members of the consortium to authorize the Proponent representative to sign the Cover Letter?

RESPONSE:

Proponent must state in the cover letter the name, title, company, and contact information of Proponent's authorized representative. Signing the cover letter will suffice to confirm that this individual has been authorized by members of Proponent's team to present the SOQ and serve as its representative in this procurement process.

RFC # 038

On page 3-4, Section 3, clause 3-3, Technical Qualifications Requirements, is stated "...Must have performed at least two customer service focused projects in the last 10 years. For commencing and ongoing projects, it will be counted as a reference if 50% of the Contract Term has already transpired....", since it is requested experience in the last 10 years, would it be acceptable to consider active contracts that have more than 10 years of duration since its beginning, although 50% of the contract term hasn't already transpired because their average duration is between 25 and 50 years? This qualification penalizes companies with long-term P3 experience, whose projects are still ongoing. It would be reasonable to accept contracts that have been ongoing for five or more years.

RESPONSE:

Yes, the Sponsors will accept active long-term contracts that have more than 10 years of duration. Refer to RFQ language amendments above-mentioned in this Addendum.

RFC # 039

Would the reviewing body accept a letter from the Insurance broker in lieu of insurance company as stated in SOQ Form 7?

RESPONSE:

Yes, a letter from an internationally recognized and reputable insurance broker in lieu of the insurance company will be accepted in the RFQ phase.

RFC # 040

May Proponent provide a letter from their insurance company stating the ability to procure insurance that would be in compliance with the insurance requirements in lieu of SOQ Form 7? Insurance companies are requesting project specific policies and at this stage of the RFQ it's too preliminary to provide that information.

RESPONSE:

No. However, Prospective Proponent may provide a letter from an internationally recognized and reputable insurance broker in lieu of the insurance company. The letter from the insurance broker will have to be similar and in conformance to SOQ Form 7.

RFC # 041

May Proponent provide a letter from a bank or a financial institution stating the ability to procure the letter of credit in lieu of SOQ Form 6? Otherwise, would a bid bond for \$10,000,000 in lieu of SOQ Form 6 be acceptable? At this stage of the RFQ there are too many unknowns for Banks to be willing to issue a Letter of Credit, and a bid bond tends to be less onerous for the Proponent, while still satisfying the Financial and Insurance Qualification Requirements (Section 3.4, paragraph 3, page 3-6) at this stage.

RESPONSE:

No. However, Prospective Proponent may propose changes to SOQ Form 6 for Sponsor's consideration and approval via a future Addendum. Note that in this RFQ phase of the procurement, the Sponsors are not requiring a letter of credit, but rather a letter of intent that indicates that Proponent will be able to secure a letter of credit through its banking institution of choice for the project.