



**ADDENDUM #2**  
**CITY OF SALEM RFQ 23-03-SAR**  
**COMPREHENSIVE ENERGY MANAGEMENT SERVICES**  
**JUNE 30, 2022**

The following changes and additions are incorporated into the specifications packet:

Modifications/Clarifications/Updates to the Request for Qualifications (RFQ):

The City has uploaded to the SharePoint Drive in the Reports folder a copy of an investment grade audit report from 2010. This report was prepared in connection with an anticipated EMSC. The City did not proceed forward with the EMSC due to financial concerns tied to the downturn in the economy, and the City's reluctance to issue debt at that time. The City paid the breakup fee to the ESCO and provides this IGA report for information purposes only since much of the data is relevant today. The City has participated in some utility incentive programs and accordingly has undertaken some of the lighting projects presented in the IGA Report.

Questions & Answers

1. In Attachment A-3, Minimum Requirements Checklist, one of the required items is "submittal of financial statements". However, in the RFQ, there is no instruction within the response format for the submittal of such financial statements.

*Please refer to Addendum #1, Clarification #4a.*

2. City didn't provide Attachment A-1, Pricing Matrix, in Excel format. Please provide.

*Please refer to the City's SharePoint Drive. Please also visit the following site where Addenda are posted. <https://www.salemma.gov/purchasing/bids/comprehensive-energy-management-services>.*

3. There is no indication of an Executive Summary in "IV. RESPONSE FORMAT AND PREPARATION INSTRUCTIONS" Could you please clarify if the proposing firm can provide an Executive Summary in addition to the items detailed in the Response Format?

*An Executive Summary can be provided but must be limited to no greater than two pages. Further, all required information must be provided under the specified topic areas, even if provided in the Executive Summary.*

4. Please provide further definition of what is acceptable and what is not acceptable regarding "alternative proposals" as noted in the RFQ: "Respondents are required to submit proposals that fully comply with the requirements set forth in this RFQ. In addition, alternative proposals may also be offered if the respondent feels such proposals provide measurable value to the City; but such alternative proposals must meet the full requirements of this RFQ."

*Alternative proposals are optional and not specified.*

5. Regarding item: 6.8 – "...Does Respondent provide full on-site management all work performed by its subcontractors, including any work performed during occupied and unoccupied times." Is it acceptable to not have a full-time on-site construction manager present during all portions of the implementation



work? Would it be acceptable if only a subcontractor's project manager were present during certain portions of the implementation?

*It is the City's preference that during the construction of the project, the ESCO must provide a single on-site point of contact, responsibility, and management for the entire project. It is the City's requirement that the selected ESCO provide a full-time on-site supervisor. In addition, the City requires a project manager that is fully responsible and accountable for the execution of each project, this may be the same or a different person. The City will expect the project manager to serve as the clerk-of-the-works, overseeing and managing all of the site activities. City resources will not provide subcontractor oversight, support, coordination, or facilitation. The Contractor is responsible for ensuring all subcontractors meet OSHA and other requirements and reporting any incident. The City will consider alternative strategies, provided such strategies provide on-site project management from a member of the ESCO team that is fully accountable to the City. The City will not consider strategies that does not ensure that the ESCO takes responsibility for its employees and subcontractors.*

6. Would it be possible to schedule a time to walk through some of your municipal buildings? While I understand there is information provided in the bid, an onsite review can often be very helpful and informative in putting together a response.

*While the City appreciates the interest in a site visit, due to the aggressive schedule for this RFQ, the City is not inclined to facilitate site visits. The City notes that the SharePoint Drive has a significant amount of information on the City locations and facilities, and firms are encouraged to conduct due diligence on that information.*

7. I do not see the pricing document attached as an excel sheet in commbuys or in the SharePoint docs. Is this something that needs to be requested?

*The documents and Excel workbooks have been uploaded to the SharePoint Drive and the City's website noted in Question 2 above. Firms unable to access or view the procurement documents listed in Addendum #1 should immediately contact Vanessa Pineda at [vpineda@Salem.com](mailto:vpineda@Salem.com).*

8. Section 6.6 of the RFQ submission states, "Discuss how Respondent will ensure that the City is not exposed to margin pancaking by using specialty subcontractors (defined as those subcontractors that provide full turnkey services including engineering, design, and installation such as lighting, and building envelop contractors)." Is the City most interested in minimizing "margin pancaking" by avoiding the use of "turnkey" subcontractors, and would prefer that bidders self-perform the work?

*The City supports the selection of the entity or firm that will provide the highest quality, value, and performance in the execution of all work as is therefore agnostic as to whether the selected ESCO self-performs or uses specialty contractors. The City is however, interested in understanding how the selected ESCO will minimize margin pancaking. Specifically, will the selected ESCO reduce or adjust its soft costs and overhead/profit adders to address this issue. For example, if a specialty contractor is used to perform a full lighting upgrade audit, develop energy savings estimates, procure equipment and materials, fully implement and commission, the City would expect the ESCO to adjust their compensation for soft costs pertaining to those categories of scope activities.*



9. Section 6.7 of the RFQ submission states, “Discuss the role Respondent takes in managing its subcontractors. Does Respondent provide full on-site management all work performed by its subcontractors, including any work performed during occupied and unoccupied times?” For the purposes of establishing markups for the pricing matrix and to ensure that all bidders are required to provide the same level of service, please clarify if the City will require that each bidder provide full-time project management by an employee of the successful bidder, and that at no time will there be any work conducted onsite under the management or supervision solely by any subcontractor.

*Please refer to the Response to Question #5 above.*

10. Attachment A-9, Attachment A.II.C states, “Such costs shall be determined based on an Open/Closed Book Firm-Fixed Pricing calculation. Specifically, CONTRACTOR shall provide CUSTOMER with full transparency of pricing for subcontractor labor and material costs, CONTRACTOR labor and material costs, equipment costs and other costs for billable items. Once such pricing is reviewed and accepted by CUSTOMER, CONTRACTOR shall be allowed to recover overhead and profit as provided in the ESCO Proposal and as included in Section III Scope of Work, Part B (5).” Would the use of a third-party engineering firm be considered a billable item, and allowed to be carried as a “hard cost”?

*Use of third-party engineering should be considered costs associated with design and engineering and can be recovered as part of the Soft Cost markup.*

11. Attachment A-9, Attachment A.III.I.4.a states, “At minimum of thirty (30) percent design drawings will be required.” Please provide additional guidance or standards to define 30% design drawings, so that each bidder is held to and expected to provide the same level of detail and associated costs during the IGA.

*The ESCO should assume 30% is schematic level design includes schematic layouts, early specifications, and performance standards. It should address issues of code and where different ECMs might interact. For some projects, it may include more or less. The ESCOs can specify in their proposal what applicable ECMs 30% design will be provided.*

12. We will provide the DCAMM certificate of eligibility and update statement in a separately sealed envelope. Should we also provide this information electronically?

*Yes.*

13. Page 10: Standard Contract: “The IGA Agreement and the EMSC stemming from this RFQ shall meet the requirements set forth in MGL Ch. 25A § 11i, and will include, at a minimum, the City of Salem’s standard contract language in its entirety as required.” What is the City’s standard language?

*The City anticipates executing an IGA Agreement substantially in the form as provided in the RFQ and an EMSC substantially in the form of the model EMSC published by the Department of Energy Resources for Energy Management Services.*

14. Page 11: Taxes, Fees, Code Compliance, Licensing: “If there are tax credits that the City is not qualified for, but the ESCO is, those savings will be passed on to the City in the form of a credit or reduced total project cost.” 179d tax credit?



*As a tax-exempt entity, the City is unable to realize economic benefits from tax credits. To the extent the selected ESCO is able to utilize those tax credits, the City would expect such benefit to accrue to the City, in whole or in part.*

15. Will the ESCO be disqualified if page limits exceed the indicated amount in each section?

*The City seeks thorough, but efficient proposal submissions. Firms are encouraged to summarize the information requested highlighting the most important elements and attributes. Proposals will not be rejected if a section exceeds the specified page limit, however, the City reserves its option to review only the number of pages specified for each section in the RFQ.*

16. Page 28: Municipal Buildings in Salem: Salem is a city rich in history, founded in 1626, and vibrant with economic activity. Today, the City is a diverse home to over 43,252 people. The City of Salem has 85 buildings with approximately 1,737,638 square feet, and over 26 properties (not including streets and other transportation related energy users), including the Municipal Buildings such as the Police Headquarters, City Hall, City Hall Annex, Old Town Hall, Artist's Row, Museum Garage, Fire Stations, Museum Garage, Museum Garage, Museum Garage, Salem's Library, and small buildings from Parks and Recreation Department. The City also has nine schools with approximately 1,257,442 square feet of area. Is the total square footage 1,737,638 for all 85 buildings, include the schools? A quick filter check on the attachment\_a\_-\_facility\_profile\_and\_property\_locations.xlsx in column J shows 1,788,197 sq feet total.

*The total square footage presented in the RFQ and associated attachments are estimates. Square footage estimates are provided for the majority, but not all of the facilities. The almost 1.8 million square feet shown in Attachment A-2.1 Facility Profile and Property Locations, includes the School properties. Moreover, As shown in Attachment A-2.1 Facility Profile and Property Locations, there are additional locations, such as parking lots, cemetery properties, et al, that are included in the City's RFQ, but do not have assigned square footage. In addition, there are leased spaces that are included in the RFQ.*

17. Pages 43: 5d1: "Sufficient to fund CUSTOMER'S payments of all annual costs and fees associated with the EMSC, including any annual fees to CONTRACTOR, less any third-party rebates or incentives or any cash payment CUSTOMER may choose to contribute;" the audit agreement states that the project needs to be cashflow neutral. Is that the intent?

*It is the City's goal to develop a comprehensive energy efficiency and management program that includes deep energy retrofits and addresses the deferred maintenance issues facing City buildings and facilities. The City intends to leverage all available funding sources from state and Federal programs, including but not limited to rebates, incentives, and grants, and potentially supplement those sources of funds with allocated or future capital resources. The balance of funding is expected to come from borrow, either from the issuance of one or more bonds, or through a tax-exempt lease purchase.*

18. Page 51: Signature Page. Will you allow electronic signatures

*The signature page on the specimen IGA agreement should not be executed as part of the RFQ Response. It is provided for reference of the form of contract the City expects to use in connection with this program.*



19. Page 56: III Scope of Work, A. General Scope of Work, 4. Annual Guarantee Unit Energy and Cost Savings: "Such dollar cost savings, and when combined with any allowable operational savings, must equal, or exceed all project costs each year during the guarantee period." The project needs to be cashflow neutral. Is that the intent?

*Please refer to the Response to Question #17 above.*

20. Can resumes and references be included in an appendix and not count toward the page limit? Are there other requested documents/information that can be excluded from the page limits?

*Resumes and references should be included in an appendix that is listed on the Table of Contents. While these documents are not included in the page limitation, the City has limited the provision of resumes to only those key professionals, trades and subcontractors that are proposed as the Project Team.*

21. Will the City accept electronic signatures on the RFQ submittal documents?

*Yes.*

22. Does the RFQ reference to tax credits that the City is not qualified for ((Section 10) include 179D tax credits?

*Please refer to the Response to Question #14 above.*

23. What percentage of the City and School building lighting has already been renovated to LED?

*Please refer to the information contained on the SharePoint Drive. The City has not done an accurate estimate of the percentage of lighting that has been upgraded, but as most of the High School, Horace Mann, Witchcraft, and Collins has not, it expected that less than 50% has been done.*

24. Please clarify number of buildings, total square footage, and asset spaces (park, space, other) in the scope. The spreadsheet for Attachment A listed 86 buildings and had 154 rows total. The spreadsheet for Attachment B listed 72 buildings and had 101 rows total. Understanding the total is impactful for determining a unit cost break-up fee.

*While the Attachment A-2.2, Energy Consumption and Cost includes 101 electricity accounts, the City has included in the RFQ all of its properties and locations for consideration in the performance contract as shown in Attachment A-2.1, Facility Profile and Property Locations. As noted previously, the City seeks a comprehensive program that delivers deep energy retrofits, and offers its entire portfolio of properties and locations for consideration. The ESCO's should assume the higher number of facilities and accounts, and then during the audit, the City and the selected ESCO will determine the final numbers.*



25. Please clarify the size of the arrays and the ownership structures for existing solar PV at Bentley ES and Witchcraft Heights ES.

*Both systems are owned by the City. The capacity of the systems are as follows:*

- *Bentley PV System : 248 kW*
- *Witchcraft PV System : 646 kW*

26. The utility costs seem low for the reported level of usage. Please confirm that the utility cost data includes commodity, delivery, and demand charges, as appropriate, for each fuel.

*The City notes that there is some missing data in the information provided in Attachment A-2.2, Energy Consumption and Cost published with the RFQ. It appears that the cost of supply may not be included for some of the school department accounts. Please refer to the Attachment 1 of this Addendum #2 and reference the cells highlighted in yellow.*

*The City notes the following third-party competitive supply contracts are in effect:*

- *Municipal Accounts: December 2021-December 2024 at \$0.10247/kWh; and*
- *School Accounts: December 2021-December 2024 at \$0.0909/kWh. This unit rate does not include upstream capacity charges, which are calculated separately and passed through to the City.*

27. Are ESSER funds are involved/available for upgrades the City may make through this project?

*Yes, but only to the extent that those funds are available, and it's use appropriate for inclusion as a funding source for energy/environmental upgrades planned under the performance contract. In addition, ARPA funds might be available. All funds from these sources will need to be approved for use by the City for specified portions of the projects.*

28. Can the page limit be increased for Sections 3 and 5? While a very good idea to limit the section sizes, in order to provide the City complete responses, we feel four pages for Section 3 and five pages for Section 5 would be beneficial.

*Please refer to the Response to Question #15 above.*

29. I can't access the Historical Preservation Plan on SharePoint. Is this something we are meant to see? If so, can we get the password?

*It is not critical for firms to review the entire Historic Preservation Plan, however, the City notes that in the Historic Presentation Plan there is some information on municipal buildings, as well as historic districts which may impact a specific project. Please refer to the following link for additional information: [https://www.salem.com/sites/g/files/vyhlif7986/f/uploads/final\\_plan\\_12.11.15.pdf](https://www.salem.com/sites/g/files/vyhlif7986/f/uploads/final_plan_12.11.15.pdf).*

30. Given the wide range of measures typically included in an Energy Savings Performance Contract, and contemplated for your project, what does 30% design documents and specifications mean for the City of Salem? For example, if Salem elected to choose a simple RTU like-for-like replacement as part of the





scope of work, would 30% design documents, e.g. drawings and specifications, be required for that – and if so, what would you be looking for?

*Critical to the City’s buying decision is the appropriate design of the recommended solution. The City is interested in investing in appropriate and efficient design solutions and not simply one-for-one replacements, unless such one-for-one replacement is the optimized solution. Moreover, the City seeks to invest in long-term solutions. Please see the response to Question #11 above for more information on the level of design.*

31. We noticed the City intends to hire an Owner’s Project Manager for this project. What would the scope of work be for the OPM, both in the IGA and EMSA phases, and how would you envision the selected ESCO engaging with the OPM?

*The City anticipates that it will implement a comprehensive, multi-faceted performance contract, and it lacks the resources for a City champion to work with the selected ESCO. To the extent the City engages an Owner’s Project Manager (“OPM”) or other consultants (engineers, advisors, etc.), the consultant(s) will serve as facilitator, reviewer, and/or agent for the City. The selected ESCO will collaborate with the OPM in the execution of all construction and commissioning activities. The ESCO is still fully responsible for the design, construction, and M&V pursuant to the IGA and EMSC.*

32. We also noted that you have minority/diversity goals for this project. What are those specific goals? Are they a percentage of sub-contractor work or something different?

*As noted in Section 6.5 of the RFQ, the City supports the Commonwealth’s goal of promoting diversity, equity, and inclusion in contracting with businesses owned by minorities, women, veterans, disabled and LGBTQ businesses. The City’s RFQ does not mandate a specific percentage of diversity, but rather seeks information on how firms integrate these strategies into their contracting practice. The City encourages all firms to visit the Commonwealth’s Supplier Diversity Office to learn more about the stated goals. Please visit <https://www.mass.gov/orgs/supplier-diversity-office-sdo>. If the firm itself is certified by the SDO, or if they have subconsultants that they will be using that are SDO, please note that in your response.*

33. Will you please provide clarity to the statement: “The City will require the selected Respondent to undertake competitive bidding on major projects, as determined by the City.” Will you clarify what you expect the competitive process to look like? What is the City’s definition of “major”?

*The City seeks the most comprehensive and cost-effective performance contract that leverages project benefits to result in deep energy retrofits. To that end, the City will require the selected ESCO to conduct its proper due diligence to ensure that construction costs are competitively priced. At minimum, the City expects the selected ESCO to obtain competitive pricing for all projects where such competitive process will result in improved economics for the City. The City will collaborate with the selected ESCO to determine the competitive bidding requirements for the projects identified in the IGA.*

34. In the Key Project Criteria section, we noticed references to favorable response from firms that have previously worked with the City (ie. “Past history of establishing working relationships between the City and Respondent,” “History of working with the City to identify pricing structures,” “Proven history of understanding the City’s goals”). Are these statements meant to compare the respondent’s



experience working with cities and towns of similar size in MA (other project experience) or with specifically the City of Salem?

*To the extent a firm has prior experience with the City, it would be beneficial to articulate the extent of such experience and discuss key challenges or success resulting from that relationship.*

All other provisions stated in the RFQ shall remain in full effect unless any further changes or clarifications become necessary at which time an additional addendum will be issued.

The City of Salem notes that firm's submitting proposals are advised to review all documentation and Addenda posted on the City's website at [www.salemma.gov/bids](http://www.salemma.gov/bids), as well as all data and documentation provided by the City in the SharePoint Drive.

**Firms submitting a response to the RFP must acknowledge receipt of this Addendum #2 in its proposal response.**

**END OF ADDENDUM 1**