

City of Eureka



ADDENDUM 2 TO THE

REQUEST FOR QUALIFICATIONS

FOR

COLD STORAGE FEASIBILITY STUDY

PROJECT NUMBER: 07-06-07096

Submission Deadline January 15, 2015

ADDENDUM 2:
RFQ #07-06-07096 COLD STORAGE FEASIBILITY STUDY

To all general contract bidders of record on the Work titled:

COLD STORAGE FEASIBILITY STUDY

This addendum is issued as supplemental information to the **RFQ #07-06-07096 COLD STORAGE FEASIBILITY STUDY**. This addendum includes answers to questions that were submitted by consultants via email following the conference call that occurred on December 18th. All questions asked prior to and/or during the December 18th conference call were addressed in Addendum #1. Two follow-up questions were submitted via email, which are addressed below.

1. Should it be assumed that the RFP scope of work is exactly the same as the scope inserted into the City's grant application to EDA? Or, does the grant application scope differ from the RFP scope?

Answer: This question was answered in Addendum #1. As indicated in the answer to question #15 in Addendum #1:

The scope in the RFQ is based on the scope in the City's grant that was submitted to EDA. The granting agency requires that the City maintain the same scope that was submitted in the grant proposal. Accordingly, the consultant must retain the scope in the RFQ. In addition, the budget is not flexible. However, it is possible for the consultant to interpret scope items and develop creative approaches as necessary to accomplish the scope within the required budget.

To state this same answer in another way, the City is responsible to comply with the scope that was in the City's grant application. Therefore, the RFQ scope matches the grant scope. Accordingly, the City expects the selected consultant to satisfy the scope in the RFQ with the understanding that the consultant may interpret scope items and develop creative approaches as necessary to accomplish the scope within the required budget.

2. Regarding RFP page 8 – deliverable 5 (feasibility). The RFP requests that the consultant:

“...put together a 5-year pro forma that demonstrates anticipated cash flow for the facility including all expected revenues and expenses, necessary reserves and debt service for the facility. Each annual pro forma projection will be broken into quarterly figures. Revenues include all income for cold storage leases, space rentals, supplies, product handling and other recurring fee income. Expenses include all marketing and operating costs, both fixed and variable. Outflows shall include maintenance and replacement reserves, and repayment of debt. The feasibility study will employ discounted cash flow analysis, demonstrate estimated return on investment and other measures of value deemed appropriate by the consultant.”

Does the City really need this level of detail right now? It seems to me that the requested level of detail is overkill that will ultimately be ignored by any investors or developers interested in building a cold storage facility. Should not this study simply show whether or not a new cold storage facility is financially feasible with the details and cash flow projections sorted out later when a developer or investors that have the ability to implement propose a real project?

Answer: The answer to this question is similar to the answer to the previous question. The City expects the selected consultant to satisfy the scope in the RFQ with the understanding that the consultant may interpret scope items and develop creative approaches as necessary to accomplish the scope within the required budget. The City does not necessarily need an extraordinarily-detailed pro forma. However, the City would like the best product that we can get for the budget available. It is up to the consultant to determine the level of detail that can be provided in the pro forma for the budget available.