

## **ADDENDUM NO. 8**

### **REQUEST FOR PROPOSALS TO ESTABLISH A SOLID WASTE MANAGEMENT CONVERSION TECHNOLOGY FACILITY SANTA BARBARA, CALIFORNIA**

**May 21, 2010**

This Addendum No. 8 provides answers to written questions submitted through May 19, 2010.

**1. Can we separate equipment from the bond?**

No; the RFP requires that the construction bond be valued at the full cost of Facility construction, which would include structures, equipment and all other associated elements.

Section 5.10.4 (Contract Security; Construction Performance Bond) provides: "As further security for the performance of the Contract, the Contractor shall provide a construction performance bond *in the amount of the estimated full cost of construction of the Facility* (emphasis added), securing the construction of the Facility, in a form acceptable to the County. Such bond shall be in standard AIA form, and shall be issued by a surety company or companies rated "A" or better pursuant to current AM. Best Company ratings and listed in the United States Treasury Department's Circular 570. Such surety shall be an admitted surety in California."

Minimum Evaluation Criterion #10 on Table 7-1 provides: "The project developer must have bonding ability equal to the estimated cost of facility design and construction, and, during operation, equal to the estimated annual operating cost; must not be in bankruptcy; and must provide a financing plan that reasonably demonstrates that it can offer private project financing, if required."

**2. With respect to alternative proposal security, would the standard form of a letter of credit typically used by our LOC-issuing bank to secure similar obligations as "bid bonds" be acceptable?**

Yes, the standard form of LOC from the issuing bank would be acceptable, provided (as required by the RFP) that the LOC is direct pay to the County and irrevocable. It should be noted that Section 8.3.2 of the RFP requires that the LOC-issuing bank be "chartered under the laws of the United States and authorized to conduct business in the State of California."