



LINNÉ K. STOUT

State of California-Health and Human Services Agency

**DEPARTMENT OF COMMUNITY SERVICES AND
DEVELOPMENT**



EDMUND G. BROWN JR.

**LARGE MULTI-UNIT DWELLING REQUEST FOR QUALIFICATIONS
2015-RFQ-41 QUESTIONS AND ANSWERS**

The California Department of Community Services and Development (CSD) received a total of 14 questions by the written question submittal deadline of May 18, 2015 by 2:00 p.m.

Question 1:

Permission to form Service Provider Team in Responding to RFQ. To respond to the RFQ and provide competitive pricing for the required services within the tight timeframes outlined, the respondent believes that assembling a Service Provider Team to develop the proposal and, if selected, deliver the required services, would be the most efficient and effective approach. The respondent requests clarification on whether it is permissible under the subcontractor procurements requirements in the RFQ for the respondent to select and propose a team of not-for-profit and for-profit contractors, outside of a competitive process, for the purposes of developing a comprehensive scope of services and cost proposal to meet the requirements called for in the RFQ and, if selected, to use that team to deliver the required services.

The respondent notes that costs for the services will be fully disclosed in the Submission of Cost Proposals to be submitted by finalists due on June 12. This disclosure will ensure cost competition and transparency. This will also allow for the selected Service Provider Team to quickly begin delivery LIWP services immediately following contract award.

CSD Response:

Respondent cannot name specific subcontractors in the proposal unless they were procured through a competitive bidding process prior to submission of the proposal.

[Reference: 2015 RFQ-41 (Pg. 6) on Subcontractor procurement and Exhibit H (Pg. 45)]

Question 2:

Regulatory or Use Agreements. The Large MUD LIWP program envisions the delivery of a comprehensive range of energy efficiency and renewable energy investments serving low-income households. Will the receipt of these funding and services under the large MUD LIWP program require properties to have a regulatory agreement and other agreement to ensure that low-income households benefit from CSD's program and/or be protected from rent increases?

CSD Response:

Yes, an agreement of some form will need to be in place to ensure that low-income households benefit from CSD's program and protected from rent increases. Affordability covenants in place are one way to ensure low income people are served. The objective is to have these affordability covenants in place for as long as possible. However, market rate properties may be weatherized under this program as long as they are situated within the disadvantaged communities (DAC) and meet income qualifications for a majority of its residents.

Additional details will be provided in the Draft Program Guidelines for Large MUD Weatherization Program.

Question 3:

Property Contributions. Under Section IV.A.9.b., the Large MUD LIWP program envisions resources leveraging through cost sharing or owner matching. In scoring property contributions towards this objective, can the program count payments made by the owner under energy performance contracts, solar lease or power purchase agreements, on-bill financing/repayment program, or other energy efficiency financing programs?

CSD Response:

The Cap and Trade Program has provided CSD with preliminary rough estimates on Property Owner (PO) match levels for various sub-components of the Large MUD Weatherization Program, namely:

MUD Weatherization	1:5
MUD/SMF Solar Water Heaters	1:1
MUD/SMF Solar Photovoltaics	1:1

Each PO will be expected to share the cost of the initial Energy Audit and share in the cost of the retrofits and renewables installed at the building(s) as described above. However, there is some flexibility on the actual modalities of how this may be achieved. Leveraging funding across other grant and/or rebate programs, philanthropic contributions, etc. is allowed. The prospective proposer would be tasked to apply for, manage and track any such rebates.

The Large MUD Program envisions development of the Package of Measures to factor in the cost of measure installation *after* the inclusion of the net PO contributions, i.e., the project cost and net contributions need to be quantified prior to finalizing the Package of Measures with the Property Owner. The buy down negotiations would follow this quantification by the successful proposer. The buy-down of costs would occur to accommodate the Property Owner's measure preferences that may not have reached an SIR of 1.0 or greater.

PO participation must have a more direct nexus to reducing the overall project cost during the performance of whole building weatherization. CSD realizes there are certain costs that may be

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tied to property mortgages, and other financing instruments, causing long term affordability to be negatively impacted after completion of weatherization. Therefore, all PO participation is to be in good faith and traceable to reducing the overall project costs. Additional details and updates on the participation levels will be provided in the Draft Program Guidelines for Large MUD Weatherization Program.

[Reference: 2015 RFQ-41 (Pg. 6): Negotiation of work plans with property owners and Exhibit E (Pgs. 42 and 43)]

Question 4:

Is Class B required of the prime LIWP Provider or just the solar general/subcontractor and/or the energy efficiency measure installation subcontractors?

CSD Response:

Yes, the prime contractor of the prospective proposing firm is required to have a Class B general Contractor's license available for the duration of the contract term.

[Reference: 2015 RFQ-41 Section II (Pg. 3): Minimum Qualifications and Exhibit H (Pg. 45)]

Question 5:

Do all subcontractors need to provide audited financials?

CSD Response:

No, sub-contractors are not required to provide audited financials, only the principal contractor of the proposing firm needs to provide it in response to this 2015 RFQ-41. However in the executed contract CSD may include rights to access and monitor sub-contractors' financials.

Question 6:

Can any of the certification requirements be met by subcontractors on the proposing team?

CSD Response:

Yes, as long as the qualifications and certification requirements of this RFQ are continuously met by the proposing firm.

[Reference: 2015 RFQ-41 (Pg. 6): Subcontractor Procurement and Exhibit H (Pg. 45)]

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Question 7:

Will market rate large properties that have inclusionary affordable units qualify? If so, at what percent?

CSD Response:

Yes, market rate large Multi-Unit Dwelling (MUD) properties with inclusionary affordable units will qualify for LIWP funding as long as they are located in the DAC.

Buildings weatherized under LIWP Large MUD Weatherization Program should be predominantly occupied by low-income residents. Additional clarifications on occupancy levels and criteria will be provided in the Draft Program Guidelines for Large MUD Weatherization Program.

[Reference: 2015 RFQ-41 Section I, item B 1 (Pg. 2): Disadvantaged Communities; Exhibit F (Pg. 44)]

Question 8:

Does CSD have an existing or preferred database and tracking system?

CSD Response:

Initially CSD will utilize Microsoft 2010 Access, Excel and InfoPath software for the LIWP Large Multi-Unit Dwelling (MUD) Weatherization Program. MS Project 2013 will be used for project tracking. In future we may eventually integrate it into our databases.

Question 9:

III.A.5: Are there any recommended targets for the property owner buy-downs (or co-sponsor)? The RFQ indicates a proposed “50% of the energy audit costs”, but does not set targets for the installation cost. Please clarify if that if the 50% buy down is for the audit costs only, of it is intended to be a target for buy down of the installation costs as well.

CSD Response:

The intent is that initially the property owner would contribute 50% of the energy audit costs, followed by participation in measure buy-down at a later stage and at prescribed levels. The preliminary rough estimates suggested by Air Resources Board (ARB) property owner participation levels for weatherization and renewables is:

MUD Weatherization

1:5

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MUD/SMF Solar Water Heaters 1:1
MUD/SMF Solar Photovoltaics 1:1

As the Large MUD Weatherization program is a premier program offering whole building weatherization funding *and* allowing innovation in energy efficiency retrofits for even greater greenhouse gas (GHG) reductions, net property owner participation levels will be a factor in prioritizing project clusters. As demand for whole- building weatherization services in the Large MUD Program increases, property owners may participate at levels exceeding the suggested minimum participation levels listed above.

Additional details will be provided in the Draft Program Guidelines for Large MUD Weatherization Program.

[Reference: Exhibit E (Pg. 42)]

Question 10:

Are there a target number of total units or properties to be served by the program?

CSD Response:

The target number of total units or properties is determined by the net Carbon Investment Ratio (CIR) per Package of Measures.

Preliminary LIWP production targets for the LIWP Large MUD Weatherization Program component is 6,673 MTCO_{2e} to - 12,423MTCO_{2e} in an annual greenhouse gas reduction. Its Cumulative GHG reductions target attributable to FY14-15 funding is 84,985 - 257,155 MTCO₂/Yr *or more*.

The Production goals will be tracked on a monthly basis to ensure programmatic goals are being met.

[Reference:

- GHG Reduction Goals: 2015 RFQ-41 (Pg. 2 and 10); Item C.1. on 5, Work Plan (Pgs. 9-10) and Question 14. Part IV.A.8.a. (Pg. 16);
- Project Design: 2015 RFQ-41 LIWP Goals (Pgs. 2-3) and Exhibits B, C and E]

Question 11:

Does CSD recommend following a loading order (energy efficiency followed by renewables) for the program? Is there a specific target for the number of projects that will take on a solar thermal or PV scope of work?

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CSD Response:

The Package of Measures will delineate two levels of weatherization approaches: Performance-based improvements and by individual weatherization measure category.

The preliminary net Solar Water Heater (S-WH) annual target is 1000 MTCO_{2e} and for Solar Photovoltaics (S-PV) the annual target is 2500-4500 MTCO_{2e}. Their preliminary cumulative GHG reductions attributable to FY 2014-15 funding are S-WH: 10,000-20,000 MTCO_{2e} and Solar PV: 62,500 to 112,500 MTCO_{2e}.

[Reference: 2015 RFQ-41 Exhibit B, C and E]

Question 12:

Page 2 of the RFQ indicates that exterior retrofits may qualify – could you clarify what this means? Does this mean siding, windows, and exterior lighting? To what degree can spaces that are not attached to the main residential building be retrofitted (i.e. parking garage lighting, landscape lighting, and detached laundry or community buildings?)

CSD Response:

Benchmarking screens the building based upon its net energy usage intensity (EUI) for the previous 12-18 months and the energy audit evaluates the building as system as of a particular day. Together the two describe the building's energy burden and identifies the mechanical systems with the greatest potential for energy savings and GHG reductions.

Typically in large multi-unit dwellings, external shell improvements are not be as impactful in energy conservation when compared to space heating measures, etc. To qualify, the exterior measures would also need to have SIR and CIR calculated to rank them. Those measures at the cusp of SIR 1.0 are eligible for property owner buy down *without any leapfrogging of measures that may precede them.*

The buy down amount will be added to improve the property owner's participation fraction on a case by case basis. The Draft Program Guidelines will provide additional details.

[Reference: 2015 RFQ-41 Exhibit B, C and E]

Question 13:

Please clarify what you mean by passive solar measures on page 4.

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CSD Response:

Retrofit solar measures provide low cost shading alternatives and can reduce energy use on the more exposed side(s) of the building envelope.

[Reference: 2015 RFQ-41 Exhibit B (Pg. 38) for examples]

Question 14:

Please confirm whether it is possible to bundle measures to produce a packaged level SIR or CIR?

CSD Response:

Yes, bundling of measures is allowed in the development of the Package of Measures. Each package developed will have measures at several price points (low to high cost measures) in each category of whole building weatherization and retrofits with an account of its potential savings in energy and CO_{2e} reductions.

[Reference: 2015 RFQ-41 Exhibit E (Pgs. 41 and 42)]