



Florida Department of Environmental Protection

Marjory Stoneman Douglas Building
3900 Commonwealth Boulevard
Tallahassee, Florida 32399-3000

Rick Scott
Governor

Carlos Lopez-Cantera
Lt. Governor

Noah Valenstein
Secretary

August 31, 2017

NOTICE TO APPLICANTS ADDENDUM NO. Eight (8)

BDC65-16/17, C.H. Corn Hydroelectric Generating Station DEP Bid NO. BDC65-16/17

TO BIDDERS AND PLAN HOLDERS ON THE ABOVE REFERENCED PROJECT: PLEASE NOTE CONTENTS HEREIN AND INCLUDE WITH YOUR BID SUBMISSION.

NOTICE

It will be required that this addendum be signed in acknowledgment of receipt and that it be included with your Bid when same is submitted to Mae Roth, Government Operations Consultant II, Bureau of Design and Construction, 3800 Commonwealth Blvd. MS520, Tallahassee, Florida 32399-3000. Failure to do so may be grounds for rejection of the Bid.

Signature of Contractor and Date

The Following statements supersede & supplement the corresponding items in the specifications & drawings:

1. Q: The Q&A indicates that the plant is operated run-of-river. Can you confirm that this is the case even when reservoir levels are low, e.g. that there are no additional limitations on water use during low-flow conditions for recreation?
A: The dam is run-of-river with the main objective of maintaining the area for recreation. Operators will maintain water flow according to lease terms, permits and FERC requirements.
2. Q: Could the plant's current control system be operated remotely?
A: The system is capable but needs to be configured.

3. Q: Please provide greater detail on historical maintenance Capex over the past 5 years and anticipated Capex for the next years- i.e. type of work done, specific equipment repaired or replaced, etc.
A: As regulated by FERC, please see all information regarding inspections and compliance in the FERC Online eLibrary. Best results may be found by searching “Jackson Bluff.” Link: <https://elibrary.ferc.gov/idmws/search/fercgensearch.asp>
4. Q: Please provide transmission costs for the past 5 years.
A: Please see Hydro Transmission Cost, as provided on FTP site.
5. Q: According to the City’s contract with FPC, the plant has firm point-to-point transmission for the full installed capacity of 11 MWs. Why did the City purchase firm transmission at this level when the plant has historically not generated at full power for the majority of the year?
A: In response, a representative of Duke Energy stated that currently 11 MW of transmission capacity is being provided to the City of Tallahassee. Any change in wattage would have to be studied.
6. Q: In the description provided in the Bid Conditions, you indicate that “it is believed that Duke Energy will be amenable to the City assigning the existing transmission services agreement to another party on an “as-is” basis; however, such assignment is not guaranteed.” The current transmission contract expires “concurrent with the retirement date.” Once the City is no longer the operator of the plant, would the lessor be free to negotiate a transmission agreement with different terms than that of the City? Please confirm the Lessor would not be obligated by the existing transmission agreement, although the plant would not be retired if the new lessor was to operate it. [We understand this is the case, but it has not been confirmed in writing]
A: The current transmission service agreement is assignable on an “as-is” basis. The new operator may be able to negotiate a new agreement, but depending on the changes requested, the new agreement may be subject to studies.
7. Q: The lease states that the lessee “shall assume full responsibility for and shall pay all liabilities that accrue to the leased premises or to the improvements thereon, including any and all ad valorem taxes and drainage and special assessments or taxes of every kind and all mechanic's or materialman's liens which may be hereafter lawfully assessed and levied against the leased premises.” Will the Lessee be obligated to pay any local property taxes, such as school or county taxes, or will the property continue to be exempt as it will remain owned by the State?
A: The City as a governmental entity does not pay any special assessments or taxes. If a private company takes over the operation, we are not sure how they will be treated from a tax or assessment perspective.

8. Q: If the Lessee is responsible for paying local property taxes, can the State confirm that Leon County's most recent assessment of the taxable value of the property is \$83,190 and that 2016 millage rates were 17.70100 per \$1,000 of taxable value?
 A: State Lands are not subject to property taxes. The City has stated and the state confirms there are currently no assessments at this site.
9. Q: Please provide reasoning for why the City of Tallahassee decided to surrender the FERC license while the State pursued the lease agreement with a new Lessor, and how the State envisions the new Operator would be able to obtain a new FERC license with no interruption of operation.
 A: The City of Tallahassee surrendered their license per FERC's requirement that surrender/renewal intentions must be stated to FERC 5 years before the end of the license period. DEP has amended the lease term to 40 years to be consistent with FERC license terms. FERC is aware of the State's intention to obtain a new operator and is working with DEP, the City and the prospective Lessee to continue operations with no interruption.
10. Q: What insurance does the State currently have on the property and equipment?
 A: The property insurance is all risk written by FM Global. Currently the Hydro Plant is insured as follows:
- | | | |
|----------------------------|------------------------|-------------------|
| Office & Control Building: | Building: \$105,160. | Contents \$32,910 |
| Hydro Plant | Building: \$25,516,610 | |
| Switchyard | Building: \$956,880 | |
11. Q: The lease requires that the Lessee "procure and maintain policies of fire, extended risk, and liability insurance coverage. The extended risk and fire insurance coverage shall be in an amount equal to the full insurable replacement value of any improvements or fixtures located on the leased premises." Does FDEP have an estimated replacement value for the equipment upon which we can base insurance costs?
 A: FDEP does not have an estimated replacement value for the equipment. Please see above insurance information.
12. Q: Please provide loss history or loss summary for all relevant insurance lines.
 A: There have been no known insurable losses.
13. Q: Please provide Opex breakdown for FY 2007 – 2011 and 2016 (in same format as provided in 2012 – 2014 or 2015).
 A: Please see Corn OM Budget, as provided in the FTP Site.
14. Q: Please provide breakdown of "unclassified contractual services" for years 2007 – 2016 with detail on vendors and work scope.

- A: Please see PCARD_Transactional_Info_2007-2016 for services procured via purchase card and Corn PO Detail for procured via purchase orders. Both are provided on the FTP Site.
15. Q: Please provide detailed census information for employees.
A: The two employees at the facility are white males.
16. Q: Please provide list of OSHA recordables, lost work time, near-misses, etc.
A: Please see applicable records in Corn_Hydro_Claim_List082917, as provided on the FTP Site. There was one incident with a 14 day of lost time due to one injury.
17. Q: Please provide efficiency curves for turbines and generators.
A: Please find related data contained in file Index_Test_of_Turbines-1986, as provided on the FTP Site.
18. Q: What is the actual operating range (in CFS) for each of the turbines?
A: Please find related data contained in file "Index_Test_of_Turbines-1986, as provided on the FTP Site.
19. Q: Are units turbine-limited or generator-limited?
A: Per the City, there are no known limitations other than water flow and head differential. More flow through the turbines results in higher tail race that actually reduces output.
20. Q: Please provide full spare parts list.
A: Spare parts will not be provided.
21. Q: Please provide tailwater curve for the units
A: Please see Index_Test_of_Turbines-1986, as provided on the FTP Site.
22. Q: Is there any specific order how the units are brought online, e.g. due to some technical restrictions or efficiency considerations? Could you please describe the usual operations procedure as a function of increasing flow?
A: Unit 3 comes on first since it is a Kaplan unit. There is a sequence for opening the flood gates. The flood gates are opened in the sequence of 6 – 2 – 4 – 5 – 1- 3 – 7. The gates are opened incrementally in this order.
23. Q: Are the terms "O&M Contractor" and "O&M Operator" in the bid document intended to be the same entity?
A: Yes
24. Q: Please explain what is meant by the following statement from the bid document: "The DEPARTMENT's primary goal is to maintain a recreational link by controlling surface waters in a manner that minimizes the potential for floods. Maintaining a renewable energy producing resource is considered secondary."

Will the successful bidder be required to manage flood waters or will that responsibility remain with the State?

A: The successful bidder will be required to manage flood waters.

25. Q: Would the City consider requesting that FERC postpone any applicable deadlines for filing an intent to relicense or an intent not to file until after this process is complete, rather than filing an intent to surrender the FERC license? Surrendering the FERC license allows any other party to file an application to obtain a FERC license which will complicate the City's and State's process and will make overall licensing much more difficult. A preferred approach is to request that FERC extend the deadline for filing a notice until the State's bidding process has concluded.

A: The City was required by FERC rules to submit the City's intent to surrender or continue operation by June 30, 2017. The City and State, as partners in this process, participated in numerous discussions with FERC over the intention to locate a new hydro-dam operator. FERC is aware and has stated they will work with the awarded bidder.

26. Q: FERC requires that the Licensee demonstrate adequate rights to all of the physical structures required to safely produce energy for the duration of the license. If the lease term is less than the FERC license term, it may make obtaining a license more difficult. Will the State consider revising the term of the lease to match the term of the new FERC license?

A: Yes. The lease term is now 40 years.

27. Q: The parcels identified on page 1 of the bid document do not include the entire perimeter of Lake Talquin. However, the FERC license applies to the entire impoundment. What rights will the successful bidder/Licensee have to comply with FERC license requirements that extend beyond the identified parcels?

A: Special Condition 44 (e) of the lease agreement gives the rights of use to all lands within Lake Talquin for the fulfillment of the FERC license. This would be concurrent with the map attached to the current FERC license.

28. Q: Is all of the infrastructure included in the lease located on lands owned by the State or is infrastructure located on lands of others under easement or lease? If so, are these instruments transferrable or is the successful bidder required to obtain their own easements or leases? For example, the use of the Duke Energy office/warehouse.

A: All of the infrastructure included in the lease are located on lands owned by the State. Easements are in place only for transmission lines.

29. Q: Is the State providing access rights to the successful bidder to the powerhouse side of the impoundment from the public roadway? The photo on page 1 of the bid documents does not include the access to the public road.

A: The successful Bidder will be able to enter the property via 267 and Stoney Edwards Rd.

30. Q: Does the State have access rights to the opposite end of the embankments from the powerhouse that it will assign to the successful bidder?

A: Yes

31. Q: Page 2 of the bid document states that the attached lease is “proposed”, yet page 4 states that any counterproposals or offers related to the lease will be determined to be nonresponsive and such bids will be rejected. Will the State entertain alternative terms or proposals for the lease (lease term, for example, as described above)?

A: The State has entertained adjustments following the Bidder Question and Answers period. Please see Updated Lease, including the alteration of the lease term to 40 years.

32. Q: Will the entire bid be made public or is there a process to ensure confidentiality of portions of the bid?

A: The bids are public record, however, if there is trade secret information sent to the department along with the bid, please mark those documents as “TRADE SECRET” and place in a separate manila envelope. Those documents will not be shared to the general public unless specifically requested and a after consultation is held with the submitter.

33. Q: Will the award of the agreement be made exclusively on the annual lease amount in the bid or what other factors will be assessed in evaluating bids?

A: The award of the agreement will be made exclusively on the annual lease amount.

34. Q: Has a Phase I Environmental Site Assessment been performed for the leased property and if so, will the report be made available to the bidders?

A: A Phase I ESA has not been completed.

35. Q: Section 14 of the lease document requires Lessor approval for improvements. FERC-required improvements are not subject to local approval. How will this coordination be addressed?

A: Coordination will be a simple email communication, ensuring that both the landowner is informed and all improvements are for the benefit of the operation and approved by FERC.

36. Q: Section 17 of the lease requires the Lessee to pay all taxes and assessments. Has the State calculated what taxes will be assessed to the successful bidder and their amounts?
A: State Lands are not subject to property taxes therefore those will not be applicable. At times there are special districts or assessments for which a lessee is responsible. The City has stated and the state confirms there are currently no assessments at this site.
37. Q: Section 22 of the lease states that all utility fees shall be borne by the successful bidder. What existing utility fees are currently in effect and what are their values?
A: The City, as a utility provider, has not paid any utility costs on a routine basis. The power used at the facility is fed back from the switchyard. The general water source is an onsite well and the facility has a septic tank system. The electric has been netted from the generation, but there is no guarantee that the prospective Lessee would be able to do this in the future.
38. Q: Section 23 reserves mineral rights on the property for the Lessor. Will the successful bidder be allowed to use on site borrow materials if necessary for repair and maintenance of the facilities?
A: Yes, as approved by the Lessor per needed repairs mandated by FERC or preventative maintenance upon approval.
39. Q: Section 24 requires the Lessee to make available all financial and other recordings related to the lease? What specific financial records of the Lessee does this apply to?
A: This requires the availability of all financial records pertaining to the operations of the property.
40. Q: Section 26 requires the preparation of a Land Use Plan to be approved by the Lessor. Such land use plan should have an exception for FERC-required activities and uses. How will the land use plan required by the lease be coordinated with what FERC typically requires for land use and other plans in their licenses?
A: Land Use Plans are required under Section, 253.034, Florida Statutes, the first one being due 10 months from the effective date and every ten years after. The FERC plan may be used as the Land Use Plan, as long as it includes the limited information listed in the statute.
41. Q: Section 33 of the lease requires the Lessee to identify environmentally sensitive and biologically highly productive lands for the purpose of obtaining a

public lands arthropod control plan. Will the Lessee be required to pay for an arthropod control plan or its implementation?

A: Yes, per Section 388.4111, Florida Statutes.

42. Q: Section 44 of the leases requires the Lessee to make available guided tours of the facility to named educational institutions on an annual basis. Is there a limit on the number or costs associated with such tours?

A: No. The dam, as a public land facility, has historically been a source of education for students of all ages. This dam, being one of two hydro-dams in the State of Florida and being located near the State Capitol, is a great source for educating students, unless conditions are unsafe during certain times and weather events.

Items added to FTP site:

- Corn O&M Budget.xls
- Corn_Hydro_Claim_List_082917.xlsx
- Hydro Transmission Cost.xlsx
- Index_Test_of_Turbines-1986.pdf

If your firm does not already have access to the FTP site, please send a signed copy of the non-disclosure agreement included in the bid documents to

BDC_Contracts@dep.state.fl.us

In all other respects, the contract documents of which this is an Addendum, and attachments relative thereto, shall remain in full force and effect.