

# CITY OF HOUSTON

**Annise D. Parker**

Mayor

P.O. Box 1562  
Houston, Texas 77251-1562

Telephone - Dial 311  
[www.houstontx.gov](http://www.houstontx.gov)  
<http://purchasing.houstontx.gov>

February 25, 2014

**SUBJECT:** Letter of Clarification No. 1 – Technical Advisor for the Finance Department

**REFERENCE:** Request for Proposal No. S46\_Q24884

**TO:** All Prospective Proposers:

This Letter of Clarification is issued for the following reasons:

• **To revise the above referenced solicitation as follows:**

1. The following questions and City of Houston responses are hereby incorporated and made a part of the Request for Qualifications:

**Q1. The Police Department Security folder has several forms to get a final clearance. Which ones should we fill out to gain access to the information in the Project Manual?**

**City Response:** Please refer to Attachment 1 - "REQUEST FOR ACCESS TO RFQ WEBSITE FOR CITY OF HOUSTON JUSTICE COMPLEX" form. In order to be granted access to the Project Manual, this form will need to be completed and returned to [justicecomplex@houstontx.gov](mailto:justicecomplex@houstontx.gov)

**Q2. Can a respondent submit on a portion of the scope of services (specifically regarding the RFP procurement process)?**

**City Response:** Yes, although preference will be given to respondents who demonstrate that they can satisfactorily provide all of the scope of services requested.

**Q3. Has the City established a budget for the Phase I activities? What is the anticipated fee or compensation structure the City would like to see?**

**City Response:** Please refer to Section 5.0 of the RFQ; "The award of this agreement will be made to the best respondent(s) offering the qualifications which best meet the needs of the City... The Strategic Purchasing Division will negotiate with the best respondent(s)..."

**Q4. Can the City provide more detail on the risk analysis that the City would like to have conducted?**

**City Response:** The expected outcome of the Risk Analysis is to inform, provide guidance of the value of transferring risk including:

- To inform and guide the development of commercial terms of the Comprehensive Agreement that optimizes Value for Money.
- To inform and guide the development of technical requirements.
- To provide risk valuation data and calculate risk adjustments for the Value for Money assessments.
- To support negotiations with proposers.
- To support the management of retained risks during the project development and procurement phase.
- To calculate capital and operations and maintenance contingencies.

LETTER OF CLARIFICATION 1  
TECHNICAL ADVISOR  
SOLICITATION NO. S46-Q24884

- To provide quantifiable basis for deciding whether to carry out costly mitigations.
2. Revised Page 7, Schedule A. Sections A. 1.5 to A.1.8 to provide additional details to this section. The changes to this section are indicated with the double underlines and are listed as follows:

**A.1.5. Analyze and advise regarding risk transfer including but not limited to:**

**A.1.5.1. The creation of a risk register for procurement, development, construction and operations phase.**

A.1.5.1.1. The risk register begins as a simple list of risks that are categorized under standard headings and as the project progresses captures the valuation of each risk and risk response activities and mitigations.

A.1.5.1.2. Review of the City's ability to transfer these risks (this determination should be based on previous experience and precedent, combined with expert judgment and the specific context of the project).

A.1.5.1.3. Ensure that the risk register is up to date for handover to the construction phase team, and then the construction phase team shall transfer in the same manner to the operations phase team.

**A.1.5.2. Valuation of each risk.**

A.1.5.2.1. First level of analysis is a qualitative assessment of risks applied to project cost impact and schedule using professional judgment and experience from previous projects.

A.1.5.2.2. Second level of analysis is a quantitative analysis using a simple formula (e.g. Risk Value = Probability x (Min + Max + 4 x ML) / 6) to calculate average risk impact using minimum, maximum and most likely cost and schedule impacts (review to ensure results are sensible).

A.1.5.2.3. Third level of analysis is a quantitative risk analysis of minimum, maximum and most likely using specialist software for Monte Carlo simulation of expected cost and schedule impacts to get a range of risk values.

A.1.5.2.4. Notes should be included to document data sources or use of expert judgment.

**A.1.5.3. An evaluation as to which partner is better able to control, retain, or mitigate the risk.**

A.1.5.3.1. Apply this evaluation to the valuation of each risk; e.g. the probability of occurrence may be the same, but the cost or schedule impact of the risk may vary depending on where the risk is allocated.

A.1.5.3.2. Identify risk response strategies such as avoidance, transference, acceptance, mitigation, or sharing and establish a record of risk response activities and mitigations.

A.1.5.3.3. Provide an efficient means of targeting the activities that are most likely to have an impact on the success of the project.

A.1.5.4. Maintain the monitoring and control aspects of risk management through the various stages of the project, including risk management plans.


In Section A, Page 7 of 23, **replace with:** "attached pages 7 and 8, marked revised February 25, 2014.

**LETTER OF CLARIFICATION 1  
TECHNICAL ADVISOR  
SOLICITATION NO. S46-Q24884**

When issued, Letter(s) of Clarification shall automatically become a part of the proposal documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. All revisions, responses, and answers incorporated into the Letter(s) of Clarification are collaboratively from both the Strategic Purchasing Division and the applicable City Department(s). It is the responsibility of the proposers to ensure that it has obtained all such letter(s). By submitting a proposal on this project, proposers shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this proposal.

If you have any questions or if further clarification is needed regarding this Request for Qualifications, please send it to [justicecomplex@houstontx.gov](mailto:justicecomplex@houstontx.gov).



 Eric Alexander  
Senior Procurement Specialist  
Strategic Purchasing Division  
832-393-8704

Attached - Attachment 1 and Revised Page: 7

**END OF LETTER OF CLARIFICATION 1**

## ATTACHMENT 1

### Appendix B

#### REQUEST FOR ACCESS TO RFQ WEBSITE FOR CITY OF HOUSTON JUSTICE COMPLEX

The City of Houston will use a website to facilitate this RFQ process. The website will require a log-in name and password to access. The website contents will include the RFQ details and any supporting documentation that the City makes available to potential respondents. The website will also serve as the mechanism for disseminating any updates or supplements to the RFQ, as well as any other communications to be directed to potential respondents as a group.

In order to obtain credentials to access the website, please provide the following information. Firm (potential respondent)

<b>Contact Person</b>	
<b>Title</b>	
<b>E-Mail Address</b>	
<b>Phone Number</b>	
<b>Physical Address (Street, City, State, Zip)</b>	

LETTER OF CLARIFICATION 1  
TECHNICAL ADVISOR  
SOLICITATION NO. S46-Q24884

Schedule A

Scope of Services

The Technical Advisor will perform some or all of the services specified, as requested by the Finance Director, to aid the City with the management and administration of the solicitation, pre-construction and construction of the project. Such Services shall include, but not be limited to, solicitation and pre-construction activities, and may include, but not be limited to, construction activities, and project close-out.

Commencement Date of Services

March/April \_\_, 2013 (date of City Council approval)

PHASE 1

**A.1. Proposal Phase**

- A.1.1. Secure the services of any necessary Specialty Consultants with the approval of the City.
- A.1.2. Consult with the City regarding the goals and requirements of the Project.
- A.1.3. Review all work conducted towards the project to date, performance specifications (specifying the results to be obtained, and leave to the contractor the responsibility of determining how to achieve those results) in particular.
- A.1.4. Review the requirements of any federal, state, and local agencies having jurisdiction over various aspects of the Project with the City regarding costs and alternatives.

**A.1.5. Analyze and advise regarding risk transfer including but not limited to:**

**A.1.5.1. The creation of a risk register** for procurement, development, construction and operations phase.

- A.1.5.1.1. The risk register begins as a simple list of risks that are categorized under standard headings and as the project progresses captures the valuation of each risk and risk response activities and mitigations.
- A.1.5.1.2. Review of the City's ability to transfer these risks (this determination should be based on previous experience and precedent, combined with expert judgment and the specific context of the project).
- A.1.5.1.3. Ensure that the risk register is up to date for handover to the construction phase team, and then the construction phase team shall transfer in the same manner to the operations phase team.

**A.1.5.2. Valuation of each risk.**

- A.1.5.2.1. First level of analysis is a qualitative assessment of risks applied to project cost impact and schedule using professional judgment and experience from previous projects.
- A.1.5.2.2. Second level of analysis is a quantitative analysis using a simple formula (e.g. Risk Value = Probability x (Min + Max + 4 x ML) / 6) to calculate average risk impact using minimum, maximum and most likely cost and schedule impacts (review to ensure results are sensible).
- A.1.5.2.3. Third level of analysis is a quantitative risk analysis of minimum, maximum and most likely using specialist software for Monte Carlo simulation of expected cost and schedule impacts to get a range of risk values.
- A.1.5.2.4. Notes should be included to document data sources or use of expert judgment.

**A.1.5.3. An evaluation as to which partner is better able to control, retain, or mitigate the risk.**

- A.1.5.3.1. Apply this evaluation to the valuation of each risk; e.g. the probability of occurrence may be the same, but the cost or schedule impact of the risk may vary depending on where the risk is allocated.
- A.1.5.3.2. Identify risk response strategies such as avoidance, transference, acceptance, mitigation, or sharing and establish a record of risk response activities and mitigations.
- A.1.5.3.3. Provide an efficient means of targeting the activities that are most likely to have an impact on the success of the project.

- A.1.5.4. Maintain the monitoring and control aspects of risk management through the various stages of the project, including risk management plans.

Revised February 25, 2014