



Miami-Dade County

Financial Review of RFPs 0085 & 0096 for CNG Fueling Services

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PFM has reviewed RFP-00096 and RFP-00085 to gain a thorough understanding of the County’s objectives and goals as it considers implementing a CNG program for its transit system as well as for Internal Services, Public Works, and Waste Management. Further, PFM has reviewed and evaluated the accompanying proposals provided by the three respondents to both RFPs, Clean Energy (“CE”), Trillium, and NoPetro/OHL to assess each proposer’s ability to meet the primary objectives of the County.

4A: Summary of the work performed by the financial advisor.

PFM’s analysis of the material documents included a review of the implementation plan and each team’s ability to finance its proposed plan. PFM’s review evaluated the qualifications, prior experience, composition of the proposed teams, financial condition of each team, and the project financing solutions of each. Our review confirmed each proposer’s ability to meet the minimum qualifications set forth in the RFPs, which is summarized in the below chart.

Minimum Qualifications	Clean Energy	Trillium	Nopetro/Obrascon Huarte Lain, S.A. (OHL)
Transit Experience (96)	<ul style="list-style-type: none"> – Provides fueling services to over 7,000 natural gas buses, or nearly two-thirds of all the natural gas transit buses currently in the US. – Completed 32 CNG-related P3 projects with 50 CNG stations. – Invested \$1 billion in natural gas station development since 1996. – Annually dispense more than 89 million gasoline gallon equivalents to 7,000 transit buses nationally. – Currently operate 41 natural gas fueling stations for transit agencies. – Comparable contracts include Hillsborough Area Regional Transit, Dallas Area Rapid Transit, Los Angeles MTA, and BC Transit. 	<ul style="list-style-type: none"> – Provide CNG fueling services to over 60% of the CNG users among the top 35 agencies in the US. – Trillium and its partners have delivered over \$1.3 billion in goods and services to the County. – Comparable contracts include the Orange County Transportation Authority, San Diego Metropolitan Transit System, New York City Transit-MTA Bus, Washington Metropolitan Area Transit Authority, and Massachusetts Bay Transportation Authority. 	<ul style="list-style-type: none"> – Joint venture of Nopetro and OHL Building – Established leader in the provision of CNG fueling infrastructure and services to public sector and private light, medium and heavy-duty fleet customers. – CNG P3 projects include Leon County Schools, the City of Tallahassee, Leon County, LYNX, St. Johns County, Osceola County and Charlotte County Schools – Nopetro is currently fueling three of the largest inter-regional haulers in Florida – Seaboard Transport, Frito-Lay and Saddle Creek Transportation. – Some of the more recent P3 projects include: <ul style="list-style-type: none"> – CHUM, Montreal Canada (\$2 billion) – Justice Center, Chile (\$200 million) – Hotel Vela, Barcelona Spain (\$195 million) – New Burgos Hospital, Spain (\$457 million) – Oeste Rail, Spain (\$253 million)
Internal Services, Public Works, and Waste Management Experience (85)	<ul style="list-style-type: none"> – Since 2010, Clean Energy has operated CNG stations in Broward County – MCM, CE’s partner for construction, has developed infrastructure in Miami-Dade County for the past 30 years. – Completed 32 CNG-related P3 projects with 50 CNG stations. – Invested \$1 billion in natural gas station development since 1996. – Comparable contracts include the Town of Smithtown, NY; National Grid, NY; Kansas City, MO; and the Commonwealth of VA. – MCM has completed over 34 construction projects for the County. 	<ul style="list-style-type: none"> – Has delivered 71 heavy fleet projects in the US, with 24 more under construction, in 22 states. – Provides over 50 million gallons per year. – Comparable contracts include Dillon Transport, Tampa, FL; City of Berkeley; Frito-Lay, City of Placentia; Waste Connections; Paper Transport, Inc. 	<ul style="list-style-type: none"> – Joint venture of Nopetro and OHL Building – Established leader in the provision of CNG fueling infrastructure and services to public sector and private light, medium and heavy-duty fleet customers. – CNG P3 projects include Leon County Schools, the City of Tallahassee, Leon County, LYNX, St. Johns County, Osceola County and Charlotte County Schools. – Nopetro is currently fueling three of the largest inter-regional haulers in Florida – Seaboard Transport, Frito-Lay and Saddle Creek Transportation. – Recent P3 projects included in Transit experience.



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Demonstrated Financial Strength	<ul style="list-style-type: none"> - Invested \$1 billion in natural gas station development since 1997. - Total assets of \$1.25 billion as of 12/31/2013. Total revenue of \$352 million in 2013 (NOI loss of \$51.7 million). 	<ul style="list-style-type: none"> - Trillium CNG is a wholly-owned, contributing subsidiary of Integrys Energy Group and is undergoing a merger with Wisconsin Energy, the combined firm will be the 8th largest distributor of natural gas in the country with over \$9 billion dollars in revenue and an asset base in excess of \$25 billion dollars. - The company (pre-merger) had total revenues of more than \$5.6 billion in 2013 and an asset base of more than \$11.2 billion. 	<ul style="list-style-type: none"> - OHL's total assets of \$17 billion, total equity of \$4 billion, and annual revenues of over \$4 billion. - OHL had Net Operating Income of \$1.35 billion in 2013.
Total Assets	<ul style="list-style-type: none"> - Clean Energy: \$1.25 billion - New Flyer: \$1.14 billion 	<ul style="list-style-type: none"> - Integrys: \$11.2 billion (2013) 	<ul style="list-style-type: none"> - OHL: \$13.68 billion (2013)
Gross Revenues	<ul style="list-style-type: none"> - Clean Energy: \$352 million (2013) - New Flyer: \$1.199 billion (2013) 	<ul style="list-style-type: none"> - Integrys: \$5.6 billion (2013) - Integrys (CNG): \$2.1 billion (2013) 	<ul style="list-style-type: none"> - OHL: \$3.68 billion (2013)
Gross Expenses	<ul style="list-style-type: none"> - Clean Energy: \$404 million (2013) - New Flyer: \$1.148 billion (2013) 	<ul style="list-style-type: none"> - Integrys: \$5.28 billion (2013) - Integrys (CNG): COGS \$1.05 billion (2013) 	<ul style="list-style-type: none"> - OHL: \$2.65 billion (2013)
Banking Relationships	<ul style="list-style-type: none"> - Financing sources include banks such as Wells Fargo, GE Capital, Bank of America, and Plains Capital Bank. 	<ul style="list-style-type: none"> - Bank of America 	<ul style="list-style-type: none"> - Bank of America - Sabadell
Florida Experience	<ul style="list-style-type: none"> - First FL engagement was in Broward County in 2010. - HART - Tampa International 	<ul style="list-style-type: none"> - Dillon Transport (Tampa); 	<ul style="list-style-type: none"> - Nopetro's CNG P3 projects in Florida include Leon County Schools, the City of Tallahassee, Leon County, LYNX, St. Johns County, Osceola County and Charlotte County Schools
Third Party Contractors	<p>The financial and contractual burden for both procurements – RFP 00085 and 00096 – will rest with the primary proposer: Clean Energy, Trillium, and Nopetro/OHL. While many of the team members of each consortium are well known national firms, any deficiency by a subcontractor must be remedied in a timely and complete fashion by the concessionaire/primary private partner. PFM believes the proposed team members have the financial strength to fulfill their obligations and would expect that any change or deterioration in their abilities would impose a requirement on the prime contractors to address any such deficiency.</p>		

Clean Energy Team. Founded in 1993 as Mesa, Clean Energy delivered 143.9 million CNG gasoline gallon equivalents in 2013, a 41% increase over 2011. Clean Energy's Miami-Dade County ("MDC") Transit team includes, Munilla Construction Management ("MCM"), a construction management firm with 30 years of experience in MDC and an ability to bond single projects in excess of \$250 million with aggregate bonding capacity of \$1 billion; Cherokee Enterprises, Inc. ("CEI"), a general contractor for fueling infrastructure founded in 1999; Ashurst, an international law firm with P3 advisory experience, including the \$2.2 billion I-4 Ultimate Highway project, the purchase of rolling stock for the All Aboard Florida rail project, and FDOT's \$2 billion First Coast Outer Beltway project; and Elite Gas Contractor, Inc., a gas line installer with Florida experience at Covanta Energy (main waste-to-energy facility in Dade County), General Asphalt Company in Miami, and Florida Organic Aquaculture in Fellesmere. The rest of Clean Energy's team includes Gazitua Letelier and Ronald L. Book, PA. RFP-00096 includes the option, based on the County's preference, of using either Gillig, with 124 years of experience, or New Flyer, with 84, as the bus provider, while RFP-00085 does not include a vehicle provider.

Trillium Team. Integrys, Trillium's parent company, and Integrys Energy Services ("IES") increased delivered natural gas by 58% over 2012. IES is currently undergoing a merger with Wisconsin Energy, which will result in the 8th largest distributor of natural gas in the country with over \$9 billion dollars in revenue and an asset base in excess of \$25 billion dollars. MDC Transit team includes Parsons Brinckerhoff ("PB"), a major planning, engineering, and program and construction management organization with 125 years'



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experience and CNG building modification experience on over 70 facilities; Transportation America (“TA”), a transportation provider in South Florida with 35 years’ experience; Link Construction, a construction firm in Miami with 13 years of experience. In 2014, South Florida Business Journal named Link the #9 top General Contractor and #11 on its list of Fastest Growing Private Companies. Trillium’s potential team includes Gannett Fleming (99 years’ experience); Fifth Third Bank (143 years’ experience) has \$133 billion in assets and operates 15 affiliates as of 2014; and Municipal Services Group (16 years’ experience). Like Clean Energy, RFP-00096 includes the option, based on the County’s preference, of using either Gillig, with 124 years of experience, or New Flyer, with 84, as the bus provider, while RFP-00085 does not include a vehicle provider.

Nopetro/OHL Team. Nopetro, founded in 2007, is part of a joint venture with Obrascon Huarte Lain, S.A. (“OHL”) a Spanish-based multinational construction and civil engineering company founded in 1999. The team includes Maintenance Design Group (“MDG”), which has completed planning and design scope for over 500 maintenance facilities including more than 40 maintenance facilities that service CNG vehicles, and over 30 for large public sector agencies; Messam Construction, a construction management company; British Petroleum (“BP”), one of the world’s largest energy providers, and Karsan, a Turkish bus company. The team also includes URS, EAC Consulting, David Plummer & Associates, ANGI, Ultimate CNG, MasTec/Wanzek, and Nation’s Bus. Nopetro’s response to RFP-00096 includes bus provider Karsan. However, RFP-00085 does not include a vehicle provider.

Given the information provided in the proposals, PFM has not identified areas of concern that would result in the immediate elimination of a bidding team for either RFP-00096 or RFP-00085. However, in the following sections, specifically the implementation and financial plans, areas or aspects of each proposal, that warrant further consideration or concern will be detailed and discussed.

4B: Evaluation of each proposer’s ability to meet the CNG Program Objectives and whether each proposer demonstrated the strength to provide for effective financing of the County’s CNG Program Objectives.

The primary objectives identified in RFP-00096 include the design, build, operate, maintain, and finance (“DBOMF”) of CNG fueling stations (Central, followed by Coral Way and North East); the upgrading and/or conversion of County infrastructure; the purchase and/or lease of CNG buses; the supply of CNG to these vehicles; and the generation of revenues from sales to third parties. The primary objectives identified in RFP-00085 include the design, build, operate, maintain, and finance (“DBOMF”) of CNG fueling stations; the upgrading and/or conversion of County infrastructure; the purchase and/or lease of a CNG fleet to replace the County’s heavy diesel fleet at the Public Works and Waste Management Department (“PWWMD”), 622 vehicles, and the Water and Sewer Department (“WASD”), 731 vehicles; the supply of CNG to these vehicles; and the generation of revenues from sales to third parties. RFP-00085 does not ask proposers to propose vehicle replacement companies or bid with them.

RFP-00096: CNG Program for Miami-Dade Transit

Clean Energy. Clean Energy’s two-phase process will begin by upgrading two maintenance facilities to accommodate the maintenance and storage. Phase I includes two outside fueling lanes (lanes 3 & 4; two new CNG dispensers and installation of new diesel and gas pumps in lane 4). Phase II includes replacement of the diesel with CNG dispensers at two inside fueling lanes (lanes 1 & 2). Clean Energy’s implementation plan will upgrade the two buildings on the 31st Street site first, which allows MDT to take advantage of natural gas as a

Clean Energy Timeline	
Milestone	Est. Completion
Notice to Proceed (NTP)	January 16, 2015
30% Design Drawings (Prelim. Design)	Day 34
Major Equipment Submittal for Approval	Day 45
60% Design Drawings	Day 58
90% Design Drawings	Day 80
Final Miami-Dade Design Approval	Day 87
Permitting Approval/Issuance	Day 171
Construction Start	Day 181
Equipment Delivery	Day 208
Construction Completion	Day 329
Equipment Commissioning/Training (Phase I & Public Dispensers)	Day 340
Phase II Dispenser Installation Start	Day 467
Phase II Testing & Commissioning	Day 517
Final Training and Station Handoff	518 Working Days After NTP



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transportation fuel. CE's implementation plan expects to deliver 279 CNG buses and projects annual revenue from third-party sales of roughly \$15,000 in Year 1 to \$300,000 by Year 10 on sales of roughly 30,000 therms in Year 1 to 650,000 therms in Year 10. This revenue stream would provide approximately \$1.4 million in revenue over the 10-year term.

Trillium. Trillium's proposes two station design solutions and comprehensive improvements/conversion of existing infrastructure. Additionally, Trillium has indicated a plan to deliver 300 buses, with delivery occurring at a rate of 10 per week beginning in the eighth month following the notice to proceed. Fueling infrastructure will provide CNG to all County vehicles as necessary. Trillium's plan includes delivering fueling stations that have 20% lower operating costs than other stations; Safe garage upgrades and new fueling lane designs that generate additional long-term operational savings through efficient traffic flow; a new CNG fleet will provide immediate operational savings as aging diesel buses are phased out; low-cost financing plan requires no upfront capital expenditure and provides a low overall fuel price; and new revenue streams through third-party royalties. Trillium's proposal meets MDT's fueling needs, as demonstrated in the chart below.



Trillium's Equipment Meets MDT's Needs			
Compressors Online	Total Output	Buses Fueled Per Hour	Time to Fill 280 Bus Fleet
4 X 600 HP	4 x 2200= 8800 scfm	38	7.3 hours

Further, Trillium notes that by using the nightly fuel consumption that each diesel bus at Central used on average (46 DGE) each night plus a 10% performance margin, rather than 100 DGE as per the RFP, Trillium can provide MDT with significant savings on its CNG fuel program and still provide peak performance when necessary. Trillium's alternate implementation and design proposal projects to save MDT \$2 million in infrastructure costs and reduce the fueling equipment footprint by 3100 square feet.

Nopetro/OHL. In addition to implementing the DBOMF of stations and infrastructure, Nopetro/OHL has proposed Karsan, a Turkish bus maker. Karsan, if selected, would make MDC its U.S. headquarters, and would locally manufacture/assemble transit buses for North and South America. While Karsan's proposal presents a question of its ability to effectively and quickly implement and deliver CNG buses to MDC if selected, it could not only generate jobs in the County, but also be able to quickly respond to maintenance issues and delivery needs if MDC expands its CNG program to Northeast and Coral Way. When bus production does begin, Karsan expects to be able to produce 30 buses a week. Nopetro/OHL has indicated that delivery of the first tranche of the 300 to be delivered will be "sufficiently ahead of the Station Commencement Date." Nopetro has also indicated that it would likely seek to be the lessee or otherwise control the use of and rights to the CNG fueling station, which brings into question public financing options. However, as indicated and explained in section 4C, Nopetro's counsel has confirmed that the overall financing for private use is under the threshold level that would bring into question the legality of public financing.

Each proposer would offer third party royalties to the County based on per therm sales:

Proposer	Royalty (\$) per Therm
Clean Energy	\$0.47
Trillium	\$0.35
Nopetro/OHL	\$0.47



RFP-0085: CNG Program for the Internal Services, Public Works, and Waste Management

Clean Energy. In Phase I, CE selected fueling locations and maintenance facilities that can support immediate and more significant CNG vehicle deployments by the County’s PWWM heavy-duty vehicles in the early years of the program. CE will build fast-fill stations at:

- Shop 3 Main (NW 58th St) and
- Resources Recovery Facility (NW 97th Ave)

CE will also perform facility modifications at:

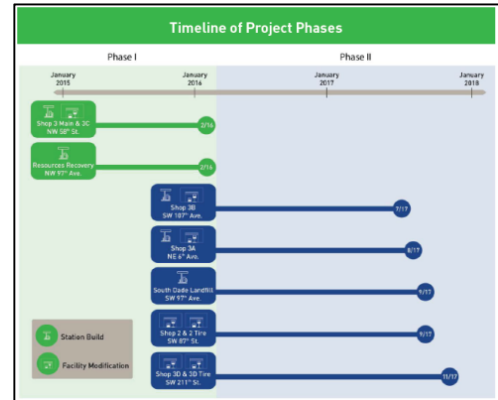
- Shop 3 Main & Shop 3C (NW 58th St)

Phase II will be completed in year three, but design, planning and permitting will commence at the end of Phase I. To continue to facilitate growth of PWWM’s heavy-duty fleet, CE will build additional fast-fill stations at the following locations:

- Shop 3B (SW 107th Ave)
- Shop 3A (NE 6th Ave)
- South Dade Landfill (SW 97th Ave)

We will also perform facility modifications at:

- Shop 3B (SW 107th Ave)
- Shop 3A (NE 6th Ave)
- Shop 2 & Shop 2 Tire (SW 87th Ave)
- Shop 3D & Shop 3D Tire (SW 211th St)



Further, CE will work with the County to facilitate procurement of the County’s proposed 10-year vehicle replacement plan. Their approach is to align vehicle purchases with the infrastructure being developed. The more vehicles deployed and fuel consumed will maximize the infrastructure assets resulting in greater savings to the County over the term of the contract. CE’s financing approach will allow the County to make vehicle specification decisions and purchase from the most reasonable and responsible suppliers of its choosing.

It is important to note that Clean Energy’s proposal does not include the conversion of the WASD fleet, as CE felt “the capital expense for the additional facilities and vehicles did not achieve the financial benefits desired by the County.”

Trillium. The first site that the County will develop for CNG operations for PWWM is the 58th street facility. Near that facility are additional County fleets such as Resources Recovery, Road and Bridge and WASD Medley and Hialeah, as shown in Figure 23. In the station design process, Trillium took into account these nearby fleets, and designed the station with sufficient time-fill capacity for the overnight fleet that parks at 58th Street and sufficient fast fill capacity to support the nearby County and third party fleets. The vehicle replacement schedule provided by the county in the RFP, if followed, will allow for the replacement of nearly all the PWWM vehicles at the three locations near 58th Street in the first three years of the project. Trillium proposes equipment that will meet PWWM/WASD needs and slightly exceeds the fueling requirements of the RFP, which provides a margin of

MONTH	Fueling	Facilities
1	Finalize Implementation Plan and Schedule with MDT	
2	Station Design	Facilities Design
3	MDT Approval	MDT Approval
4	Equipment Order	Permitting
5	Permitting	Permitting
6		Maintenance Building Modifications
7		Permit Closeout
8	Station Build	
9		
10	Station Operating and Fueler Training	
11	Operation & Maintenance 10 year term	
12		



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safety to meet daily operating requirements and support third party fleets. Similar to Clean Energy, Trillium plans to work with the County to coordinate vehicle purchase and delivery. Trillium projects that MDC can expect to save \$0.29 per therm with its gas procurement strategy.

Nopetro/OHL. Nopetro and OHL plan to support PWWM and WASD’s objectives is focused on four core areas of activity: maximizing PWWM and WASD’s CNG fleet’s operational reliability through natural gas supply and transportation diversity; providing the County with a diversified fueling network of permanent and mobile CNG stations, including a FuelMule program; implementing OHL’s design-build solution for construction of CNG fueling and maintenance facility infrastructure; and providing PWWM and WASD with a “shovel-ready-approach by including operational and design narratives, site plans, and 30% design drawings for CNG fueling stations, and maintenance facilities.

4C: Description of the financial plan of each proposer including the strengths, weaknesses and shortcomings as related to the proposer’s CNG implementation plan.

RFP-00096: CNG Program for Miami-Dade Transit

At the County’s request, each team has provided financing plans over a 10-year term. These depend (in most cases) on the credit of the County for a low cost of funds and will pay for much of debt service on the buses through savings with CNG. The following table provides the general financing terms that each team has provided. In the case of Trillium, multiple financing options are provided. The amounts indicated include both bus purchase as well as the estimated infrastructure and spare parts costs, unless noted below.

	Clean Energy	Trillium	Nopetro/OHL
Financing (Tax-Exempt - 10 Year)			
Borrowing Amount	\$169,755,704	\$160,782,300	
Total Interest Cost (TIC)	4.50%	2.80%	
Term (Years)	10	10	
Avg. Semiannual P&I Payment (10 YR)		\$8,616,883.81	
Spare Parts Total		\$2,580,000.00	
Financing (Tax-Exempt - 12 Year)			
Borrowing Amount		\$165,030,000	\$165,000,000
Total Interest Cost (TIC)		2.94%	2.4%-2.85%
Term (Years)		12	12
Avg. Semiannual P&I Payment (12 YR)		\$8,737,204.95	
Spare Parts Total		Included in Debt Service	
Financing (Taxable)			
Borrowing Amount		\$135,000,000 - \$165,000,000	
Bank		Fifth Third Bank	
Type		Taxable Term Loan	
Rate		3.15%-3.25%	

Clean Energy. Clean Energy’s proposal projects savings of over \$48.3 million versus diesel over the next 10 years with full recovery of the initial capital expenses through savings. Its proposal includes 100 percent project financing of the new CNG fleet and infrastructure at a cost of approximately \$169,755,704, including \$16,830,174 for construction of fueling infrastructure and maintenance facilities, and \$152,925,530 for vehicle replacement. The 10-year term of financing projects an interest rate of 4.5%. CE has indicated that the typical barrier to entry for purchasing CNG vehicles is “the 10-15% incremental cost” of CNG buses versus diesel. However, CE believes that long term financing through fuel cost savings can not only pay for the program but yield economic benefit to the County.

CE’s financial model assumes diesel prices to increase by 5% annually (“modest” based on Florida’s 14-year average annual growth of 7.3% for diesel) and a natural gas increase of 1% annually. CE has indicated that they plan to issue debt through “a public private partnership between Miami-Dade County and Clean Energy and our subsidiary, Clean Energy Finance LLC.” However, it is unclear in the documents provided whether



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Clean Energy plans to issue using the County’s credit. Annual debt service payments for vehicles and infrastructure are projected to be roughly \$22 million.

Trillium. Trillium’s proposal contemplates several financing options, two tax-exempt financings, a taxable financing, and the option of an operating lease, capital lease, or term lease. Trillium, like Clean Energy, includes the option of both Gillig and New Flyer buses with their respective financing packages, providing the County with several options from which to choose. The tax exempt options range from 10-12 years in tenor and a True Interest Cost of roughly 2.8% or 2.94%, respectively. Each has an annual debt service just under \$9 million (the 12 year plan includes debt service on spare parts).

Integrus Energy Group Credit Ratings		
Integrus Energy Group	S&P	Moodys
Issuer credit rating	A-	n/a
Senior unsecured debt	BBB+	Baa1
Commercial paper	A-2	P-2
Junior subordinated notes	BBB	Baa2

Trillium, through its parent company Integrus, has strong credit ratings, as displayed to the right. Integrus Energy Services, as per the company’s financial statements, generates working capital from “operations, equity infusions, and short-term debt. As of December 31, 2013, IES had the ability to borrow up to \$655 million through an intercompany credit facility with [Integrus]. As of December 31, 2013, we had provided total parental guarantees of \$541.5 million on behalf of Integrus Energy Services, which includes guarantees for the current retail business as well as residual guarantees related to exited businesses. Our exposure under these guarantees related to open transactions at December 31, 2013, was \$296.2 million.”

Trillium’s proposal offers tax-exempt options in which Key Government Finance, Inc. (“KeyCorp” – pg. 2080) would provide tax-exempt financing for the purchase of CNG transit buses. Based on KeyCorp’s cost of funds as of August 2014, Trillium projects an interest cost of 2.5% and repayment would be through 120 monthly principal and interest payments.

A taxable term loan would include the County as the borrower and Fifth Third Bank and “other financial institutions selected in the syndication effort” as the lenders. The interest rate, based on rates concurrent with the proposal submission in 2014, would range from 3.15-3.25% and would be paid back through 120 monthly principal and interest payments (pg. 2083-85). Terms for a taxable lease would offer largely the same terms with an effective rate of 3.01%.

Nopetro. In addition to Nopetro’s cost of bus savings, which they project at \$18 million+, as well as annual CNG savings of over \$20,000 per bus, Nopetro believes the lowest financing would come through tax-exempt borrowing through a lease-purchase transaction with BOA. Bank of America (“BOA”) estimates a lease financing with up to a 12-year tenor (an important note as others are providing 10-year financing options) and yields from 2.4% to 2.85%. As the only private use financing would represent just 4.85% of the overall project costs (see above table), Nopetro believes tax-exempt financing should be feasible. BOA’s financing would be a “direct obligation of MDC subject to credit terms to include but not limited to security pledge, tenors and covenants acceptable to the Bank.”

CAPITAL ITEM	PROJECTED COST	PRIVATE USE	PRIVATE PAYMENTS, SECURITY	TAX-EXEMPT FINANCING?
300 CNG Buses	\$150 Million	NONE	NONE	YES
CNG Fueling Station	\$8 Million	100%	Yes rent plus variable amount from fuel surcharges	Only if private business test limits are not exceeded for the financing
Maintenance Facility Renovations	\$7 Million	NONE	NONE	YES

BOA. Bank of America (“BOA”) estimates a lease financing with up to a 12-year tenor (an important note as others are providing 10-year financing options) and yields from 2.4% to 2.85%. As the only private use financing would represent just 4.85% of the overall project costs (see above table), Nopetro believes tax-exempt financing should be feasible. BOA’s financing would be a “direct obligation of MDC subject to credit terms to include but not limited to security pledge, tenors and covenants acceptable to the Bank.”

Nopetro expects MDT to generate in excess of \$10M in annual fuel savings from two (2) tranches of 300 Karsan buses going to each Central and Northeast Transit site, respectively, the latter of which would be an additional phase to the initial focus of the RFP. Nopetro’s lack of disclosure of financial resources or capacity other than to highlight the firm’s joint venture with OHL and OHL’s strong financial capacity are considerations the County should examine. Nopetro has also provided a letter of support from Sabadell, the fourth largest bank in Spain, regarding the company’s ability to bring the project to financial close. Sabadell has indicated its interest in providing a credit facility of up to \$50 million.



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Each proposing team includes members with the financial strength and capacity to successfully complete the program objectives of the County. However, of primary significance is Nopetro’s reliance on OHL to meet the financing capacity necessary to meet the County’s minimum requirements. Nopetro provides financial statement details.

Station/Bus Specification				
Specification	RFP Requirement	Clean Energy	Trillium	Nopetro/OHL
Fleet Size	279	307 ¹	280	300
Cost per Bus	N/A	\$548,120/\$535,941	\$548,120/\$535,941	\$514,000
DGEs per Bus	100	100	100	105
SCFM Required	8554	8900	8800	10,308

RFP-00085: Miami-Dade Internal Services, Public Works, and Waste Management

Miami-Dade’s plan for Public Works and Waste Management Department (“PWWMD”) and the Water and Sewer Department (“WASD”), the County will replace 622 and 731 vehicles, respectively, over the next 10-years and upgrade

Clean Energy. Clean Energy has proposed approximately \$218,181,705 in borrowing, including \$19,141,705 for construction of fueling infrastructure and maintenance facilities, and \$199,040,000 for vehicle replacement. Clean Energy’s proposal for a CNG Program for Internal Services, Public Works, and Waste Management envisions savings of \$6.8 million, replacement of diesel vehicles with 622 new CNG powered vehicles, and the generation of \$4.45 million in third-party revenues to the County.

Trillium. The capital recovery portion of the compression fee is to recover Trillium’s fixed investment in the station. Given that, the rate charged per gallon decreases as volume consumed increases. This price structure benefits both parties. For Trillium, it enables capital recovery regardless of how much volume is consumed. Therefore, there is no need for a take-or-pay contract or fuel purchase commitment. It also benefits MDC in that as the program expands, lower prices and higher savings can be achieved. Operations and Maintenance charge covers Trillium’s comprehensive service and maintenance program, as described in section 2 of this proposal. It is essentially a warranty for the life of the station and covers all labor, parts and consumables to operate the station and perform repairs (except for any damage caused by MDC). We have not included any taxes in the price projection, as MDC is a political subdivision of the state. However, it is possible that the federal excise tax credit may be renewed by the US Congress this year. In that case, with Trillium’s proposed deal structure, MDC would be able to directly apply for, and receive, the \$0.50 per GGE tax credit for its own fuel consumption. (This converts to \$0.40 per therm or \$0.54 per DGE.)

Due to the low volumes, Trillium proposes to sell the CNG station to MDC for \$1,889,712. This includes the design, installation, and sale of the following equipment:

- Two Gas Transport Modules (GTMs) capable of storing up to 800 DGE
- 5” Hydraulic compressor
- One twin hose dispenser
- Three storage vessels
- Fuel Management
- 150 kw Generator
- Controls/Networking/Electrical Gear

¹ Clean Energy proposal’s bond proceeds allow for 279 vehicles as per RFP.



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Further, Trillium will provide a royalty to MDC for the use of its land, in the amount of \$0.10 cents per GGE, which projects to provide over \$2,000,000 during the first ten years.

Nopetro. In order for Nopetro to achieve tax-exempt financing, PWWM’s 58th fueling stations and new maintenance facilities need to be built concurrently, thus making the \$5 million investment in fueling stations less than 10% of the total capital necessary to build all 3 PWWM sites, the threshold for getting tax-exempt financing. Nopetro believes a lease-purchase transaction through Bank of America with tax-exempt financing offers the best opportunity to realize immediate and tangible savings through implementation of a CNG program. As an example, a new waste management truck costing \$170,000 with a 10-year useful life financed at a tax-exempt rate of 2.5% would have an annual interest cost of \$4,250. CNG savings from the vehicles projected gas consumption under Nopetro’s proposal would save at least \$6,700 annually, resulting in net annual savings of \$2,450 from fuel.² Nopetro exclusively provides MDC 600,000 therms annually of Miami Renewable Natural Gas at a fixed net price of only \$.53 per therm for the 10 year initial term (See 3.2, DCNG Pricing); Miami Renewable Natural Gas provides exceptional delivery security for MDC in the event of unexpected disruption in the operation of the interstate natural gas transportation system, while also providing important environmental and other benefits for Miami-Dade County;

MDC CNG P3 Public Access Station Sites	Compression Fee per Therm ⁶			
	PWWM Sites		PWWM and WASD Sites	
	Up to 375,000 Therms per Month	Over 375,000 Therms per Month	Up to 375,000 Therms per Month	Over 375,000 Therms per Month
First Phase	\$0.53	\$0.38	\$0.88	\$0.73
Second Phase	\$0.54	\$0.40	\$0.79	\$0.65
Third Phase	\$0.58	\$0.44	\$0.72	\$0.58

4D: Evaluation of relevant third-party contractors’ and/or subcontractors’ financial strength and whether proposer demonstrated that such entities have the financial strength to provide their portion of the County’s CNG Program Objectives as indicated in the proposed CNG Implementation Plan.

Each of the proposers’ teams includes subcontractor companies with long histories of service and production and substantial financial resources of their own. Of the three bus companies proposed, Gillig and New Flyer are two of the premier U.S. bus manufacturers while Karsan, in business since 1966, operates in both Italy and Turkey and has manufactured over 100,000 buses. Each team includes engineering and construction firms that have large projects on their resumes and list substantial experience delivering large projects and being responsible for their associated financial obligations. Smaller, regional businesses are also included in each of the teams and their individual roles and requirements are presumed to be commensurate with their size and expertise. As noted in this report’s section 4A, the financial and contractual burden for both procurements – RFP 00085 and 00096 – will rest with the primary proposer: Clean Energy, Trillium, and Nopetro/OHL. While many of the team members of each consortium are well known national firms, any deficiency by a subcontractor must be remedied in a timely and complete fashion by the concessionaire/primary private partner. PFM believes the proposed team members have the financial strength to fulfill their obligations and would expect that any change or deterioration in their abilities would impose a requirement on the prime contractors to address any such deficiency.

4E: Recommendation of the type of documents or other verifiable sources, if any, that the County should consider pursuing to confirm compliance with the minimum qualification requirements for financial strength.

Each of the bidders’ financial information indicates that they have the financial capacity to perform as a counterparty to MDC. Their proposed financing plans appear to rely on a contract with and payments from the County to secure the financing recommended. Should the County choose to require bidders to contribute

² Nopetro’s RFP provides the following information, although 2.5% of \$170,000 is not \$2,000. “If a new waste management truck costing \$170,000 with a 10 year service life is financed at a tax exempt interest rate of 2.5%, the average annual interest cost is only \$2,000. Based on the average waste management vehicle consuming 4,500 gallons annually and the Nopetro Fuel Price per therm included in this Proposal, MDC’s annual CNG fuel cost savings are at least \$6,700.”



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equity, it appears that each of them has the financial capacity to provide funding from their balance sheet or secured by their own corporate resources.

The additional documentation that provide greater assurance that each of these teams will bid in good faith and deliver as promised in their proposal is (1) a bid security deposit in the form of a letter of credit to be submitted with the proposal and is subject to forfeit by the winning bidder if they fail to close; and (2) bid specifications and performance metrics in the concession agreement or contract that protect the County from deficiency or failure on the part of the concessionaire – including replacement in the event of default.