



IndianaHarbor Belt Railroad

Pre-Qualification Announcement

Summary:

Deadline for submissions: 12 Noon Central Standard Time on MARCH 17, 2014

All Submittals should be addressed to: Michael.nicoletti@ihbrr.com

Hard Copies should be submitted to:

Michael Nicoletti
IndianaHarbor Belt Railroad
2721 161st St
Hammond, Indiana



Locomotive Fuel Conversion Project

Pre- Qualification Statements of Interest Announcement

In 2014 the Indiana Harbor Belt Railroad (IHB) will source for a vendor to remanufacture locomotives to accommodate Compressed Natural Gas (CNG) as a fuel source, either alone or with diesel, with a minimum 60% CNG mixture. This remanufacture will make changes to the engine block, fuel storage, and electronic monitoring capabilities ideally within the existing frames of 21 SW-1500s and 10 GP-40s.

This effort by the IHB will be the first locomotive fuel source change of a fleet performed in North America. The IHB has chosen to pursue CNG or CNG mixed with diesel as a fuel source. *The IHB will not consider in any form, any submission calling for a 100% diesel locomotive engine, nor will it consider any Liquefied Natural Gas (LNG) fueled locomotive engine.* The IHB will only accept engines that have been approved and certified by either or both of the United States Environmental Protection Agency (USEPA), the California Air Resources Board (CARB).

The IHB will source a Potential Vendor that has proven qualifications to remanufacture locomotives, implement a certified engine using CNG, or a CNG/diesel mixture, and that can prove financially viable for the expected four year term of the contract. This Announcement does not request information as to how the Vendor will remanufacture locomotive engines, nor does it request specific cost or schedule data. This Announcement is set forth to determine the qualified Potential Vendors who may proceed within the IHB process. The emphasis of this Announcement is upon screening a selected group of Potential Vendors who pass threshold qualifications to fabricate CNG/diesel locomotives and possess sufficient financial resources to complete the fuel conversion project.

The Purpose of this Announcement is to Pre- Qualify interested bidders. The pre- qualification process will determine the minimum threshold of vendors capable of undertaking a project of great scope. The IHB Locomotive Fuel Conversion Project is of great importance to the IHB, and must be handled by a vendor, who can demonstrate the proven capability to deploy a CNG, or CNG/diesel fueled locomotive rated US EPA Tier 3 or above, and who possesses the financial depth to handle the manufacturing costs prior to acceptance and payment for any delivered locomotive. The IHB locomotives must also be equipped with Automatic Engine Stop & Start Controls, pass emissions controls as set forth by the USEPA, and receive approval from the Federal Railroad Administration.

Potential Vendors **judged qualified under this Announcement will receive the General Request for Proposals, to be issued at a later date. Only those Potential Vendors judged qualified under this Announcement will receive the Request for Proposal to remanufacture locomotives for the IHB using a CNG fuel source.**

This IHB Announcement is open to all who may consider themselves as Potential Vendors. Potential Vendors may compete as individual firms, joint ventures, or in partnership with other Potential Vendors. Qualifications submitted by a joint venture or partnership should be explicit as to the individual firms contributing the qualification. Financial information may be aggregated by a partnership or joint venture.

The IHB will be the sole decider of Potential Vendors judged to have qualifications that enable them to receive the Request for Proposals, which will be issued at a later date. The IHB expects that following this Pre- Qualification Process, the RFP for locomotive remanufacture will occur before the 3rd quarter of 2014.

The IHB requires that each applicant complete the Non- Disclosure Agreement contained as Attachment C to this Announcement. This agreement may not be altered or edited in any manner, and must be returned fully executed as is.

Interested potential vendors are requested to submit the documents requested and required within this Announcement no later than 12:00 Noon (Central Standard Time) MARCH 17, 2014. Late submission will be disregarded. Submissions should be via email, AND via hard paper copy. Email submissions must be made prior to the date and time specified. Hard paper copy must be postmarked by the date specified.

TECHNICAL QUALIFICATIONS:

The IHB is interested in sourcing from Potential Vendors who have experience in alternative fuel locomotives, specifically CNG, and a proven record of more general diesel locomotive fabrication. Great emphasis will be placed upon a Potential Vendor's record of involvement with a natural gas fueled locomotive engine and a Potential Vendors proven record of locomotive fabrication meeting strict budgetary requirements and ensuring client satisfaction. The effort of the Potential Vendor is to fully demonstrate to the IHB that they are capable of realizing and fabricating a CNG or CNG/diesel fueled locomotive. The Potential Vendor should spare no effort to prove they are capable of this task, and to portray all experience the Potential Vendor possesses in the alternative fuel locomotive field.

The IHB recognizes that CNG fueled locomotives are relatively new to the railroad industry. Potential Vendors are encouraged to display in their replies all experience and qualifications in the natural gas arena as they concern off road applications, especially rail.

Interested Potential Vendors must provide the following documentation to the IHB:

1. Provide a detailed list of all prior locomotives built for clients by your firm in the past 10 years, the type of fuel used in the engine block, the engine manufacturer, and date of completion.
2. Provide a point of contact reference for each locomotive listed in Item #1.
3. Provide a detailed list of any natural gas fueled off road engine built by your firm, or assembled by your firm. Provide a detailed history of any such engine fabricated, including current status and client point of contact.
4. Provide a list of any currently held CNG fueled, or CNG/diesel fueled engine that you own, possess, or assemble. Provide the detailed explanation of your experience with this engine(s), including any certifications from United State Environmental Protection Agency (USEPA) or California Air Resources Board (CARB)
5. Provide a list of all off road CNG or CNG/diesel fueled engines possessed by the Potential Vendor that are currently being tested in order to achieve US EPA and or CARB certification. Provide documentation from USEPA, CARB or an honest third party testing facility attesting to the existence of any engine, its current location, the approved testing protocol, and all known test results concerning this off road engine. Provide a detailed description of this engine sufficient to introduce the product to the IHB
6. If a CNG or CNG/diesel engine in future possession of your company and has not been formally certified by the USEPA and or CARB, please provide an approved certification testing protocol that has been submitted to USEPA and or CARB by the deadline of this announcement. Provide a detailed description of this engine, why it has not been previously submitted for testing, and the recovery plan instituted to acquire certification
7. Describe in detail your existing or proposed repair/manufacturing facility that will be used to complete the IHB project. Detail whether this is an owned facility, or a leased facility (a contracted shop). Provide full information concerning the proposed fabrication facility, including experience and capacity to produce CNG/diesel locomotives, drawings of any facility, size of workforce, technical capacities, and all other information that will bolster the Potential Vendors proposition that they are qualified to perform the locomotive remanufacture at this site.
8. Provide summary qualifications related to the expertise possessed by your company to devise and implement any electrical monitoring system to work with the CNG/diesel fueled locomotive system, including the ability to provide real time information on CNG usage.
9. Provide a detailed explanation of experience possessed by your company with the Federal Railroad Administration (FRA) in the inspection, testing and commissioning of locomotives.

FINANCIAL QUALIFICATIONS

The Potential Vendor needs to demonstrate financial security that would allow them to fabricate locomotives in advance of payment from the IHB. All locomotives fabricated by the Potential Vendor will need to undergo inspection and certification per Federal Railroad Administration (FRA) rules. This will create a delay between fabrication, and acceptance by the IHB. Potential Vendors are requested to:

1. Provide proof that your company/team has a minimum 5 million dollar credit line or cash ready reserve.
2. Provide a Statement of Cash Flows for the period between January 2013- January 2014

BUY AMERICAN CERTIFICATION

The IHB requires that the remanufacture of the locomotives to be fueled with CNG or CNG/diesel to be fully fabricated in the United States, with a preponderance of American components. The remanufacture of the IHB locomotives will be accomplished using Federal Funds, and will be subject to the Buy American Act (48CFR Part 25, Subpart 25.1)

The Potential Vendor should plan to fabricate the IHB locomotives in the United States. The IHB stresses that all locomotive components for this fuel conversion should be domestically sourced, to the extent possible. The exceptions to this would be the use of a foreign component that is:

1. Replacing a domestic component that cannot be located in the United States
2. Replaces a domestic component that is cost prohibitive. (Please describe the cost benefit analysis of using the foreign component in place of a domestic component)
3. Replaces a domestic component that is clearly inferior (Please describe the inferiority of the domestic components, and efforts to obtain the foreign component)

The Potential Vendor is requested to posit a locomotive fueled by CNG or a CNG /diesel. Based upon this posited locomotive, the Potential Vendor should analyze the components of the locomotive and then prepare an analysis of components sourced in the United States. The Potential Vendor should then ascertain what components would need to be sourced from outside the United States. The Potential Vendor should gather this analysis and prepare a detailed memo including:

1. The percentage of American sourced components versus foreign components
2. The reasons for sourcing any foreign components and the cost of those components. This explanation should include why the foreign component was selected (e.g. cost, availability), and the efforts undertaken to find domestic components.
3. A spreadsheet detailing foreign sourced components , including their relative role in cost and function in the total locomotive remanufacture
4. A description of the locomotive fabrication location.

Potential Vendors are requested to visit <http://www.dot.gov/highlights/buyamerica> and to examine 48CFR Part 25, Subpart 25.1 for full information concerning the Buy America requirements.

Assembly of Response

The Potential Vendors are requested to assemble their replies to this Announcement as follows:

Section 1 – Points of Contact for Submission for Potential Vendor

Section 2- Introduction to the Potential Vendor

Section 3- Technical Qualifications of the Potential Vendor

Section 4- Financial Qualifications of the Potential Vendor

Section 5- Buy America Analysis for Posited Locomotive fueled by CNG/diesel mixture

Section 6- Completed Attachments

Attachments

- A. GSA Buy American Act Circular
- B. US EPA Emissions Standards for Switcher Locomotives
- C. IHB Non- Disclosure Agreement

Attachment A- General Services Administration Buy American Act Circular

INFORMATION REGARDING BUY AMERICAN ACT

(a) The Buy American Act (41 U.S.C. 10a-10d) generally requires that only domestic construction Material be used in the performance of this contract. (See the clause entitled "Buy American" in GSA Form 3506, Construction Contract Clauses.) This requirement does not apply to the excepted construction material or components listed in FAR 25.202(a)(3).

(b) (1) Furthermore, bids or proposals offering use of additional nondomestic construction material may be acceptable for award if the Government determines that use of comparable domestic construction material is impracticable or would unreasonably increase the cost or that domestic construction material (in sufficient and reasonable available commercial quantities and of a satisfactory quality) is unavailable. Reliable evidence shall be furnished justifying such use of additional nondomestic construction material.

(2) Where it is alleged that use of domestic construction material would unreasonably increase the cost:

(i) Data shall be included, based on a reasonable canvass of suppliers, demonstrating that the cost of each such domestic construction material would exceed the cost of comparable nondomestic construction material, inclusive of duty, by –

More than 6 percent, if the domestic offer is from a large business that is not a labor surplus area concern; or

More than 12 percent, if the domestic offer is from a small business concern or any labor surplus area concern.

(ii) The evaluation in paragraph (i) above shall be applied on an item-by-item basis or to any group of items on which award may be made as specifically provided by the solicitation.

(iii) If an award of more than \$250,000 would be made to a domestic concern if the 12-percent factor were applied, but not if the 6-percent factor were applied, the agency head shall decide whether award to the domestic concern would involve unreasonable cost.

(3) When offering additional nondomestic construction material, bids or proposals may also offer, at stated prices, any available comparable domestic construction material, so as to avoid the possibility that failure of a nondomestic construction material to be acceptable, under (1) above, will cause rejection of the entire bid.

GENERAL SERVICES ADMINISTRATION GSA FORM 1735 (REV. 4-84)

Attachment B- US EPA Emissions Standards for Switcher Locomotives

The New **Switch** Locomotive Standards (g/bhp-hr)

locomotive group	date	PM		NOx		HC	
		previous standard	new standard	previous standard	new standard	previous standard	new standard
Remanufactured Switch Locomotive Standards							
Remanufactured Tier 0	2008 as available 2010 required	0.72	0.26	14.0	11.8	2.10	2.10
Remanufactured Tier 1	2008 as available 2010 required	0.54	0.26	11.0	11.0	1.20	1.20
Remanufactured Tier 2	2008 as available 2013 required	0.24	0.13	8.1	8.1	0.60	0.60
Newly-built Switch Locomotive Standards							
Tier 3	2011	--	0.10	--	5.0	--	0.60
Tier 4	2015	--	0.03	--	1.3	--	0.14

Additionally, in all locomotive groups:
 Idle emissions control— must equip locomotive with automatic engine stop/start.
 HC standards are Total HC, except Tier 4 (NMHC).
 Part 92 smoke standards apply if PM FEL > 0.05 g/bhp-hr, but are generally waived from testing.
 Part 92 CO standards continue to apply (at Tier 2 levels for Tiers 3&4); notch caps also apply.
 Can also use alternative nonroad engine-based program.

Attachment C- IHB Non- Disclosure Agreement



NON DISCLOSURE AGREEMENT

BETWEEN:

The Indiana Harbor Belt Railroad

2721 161st St

Hammond, IN 46323

AND:

*INSERT name and address here of
the Potential Vendor*

(collectively, “**the Parties**”)

WHEREAS

- A. The Parties may wish to enter into discussion and evaluate potential opportunities in relation to the IHB Locomotive Fuel Conversion Project.
- B. The Indiana Harbor Belt Railroad will accept Pre- Qualification Proposals, Exhibits, and Demonstrations from Potential Vendors

- C. The Parties acknowledge that neither Party is under any obligation to disclose any Information.
- D. Any disclosure of Information that is made by a Discloser to a Recipient during the term of this Agreement, is subject to the terms of this Agreement.

THE PARTIES AGREE

1. Definitions and Interpretation

The following expressions shall have the meanings set out below:

“Agreement” means this Non- Disclosure Agreement

“Discloser” means a Party disclosing Information.

“Information” means, in respect of each Disclosers confidential information which:-

- (a) relates to any Patent or any improvement, modification, enhancement or development associated with any Patent; or
- (b) the Discloser or its employees, subcontractors, consultants, and consider confidential or proprietary,

and which is:-

- (c) first disclosed in written, electronic, photographic or other tangible form and clearly marked “Confidential” or “Proprietary”, or the like; or
- (d) first disclosed in non-tangible form and orally identified as confidential or proprietary at the time of disclosure and is summarized in tangible form and clearly marked “Confidential” or “Proprietary”, or the like, within 30 days of the original disclosure.

Information includes, without limitation, intellectual property rights whether capable of registration or not, know-how, concepts, designs, drawings, flow sheets, specifications, discoveries, trade secrets, formulae, processes, techniques, methods, machines, devices, contracts, customer and prospects lists, costs estimates, financial models, marketing plans, strategies, forecasts and other data created by or proprietary to that Discloser or its Participants.

“Participant” means, in relation to a party to this Non- Disclosure Agreement, any principal, owner, employee, subcontractor, consultant or any other person involved in the production of information or a product that is considered confidential or proprietary by either the IHB or the Potential Vendor

“Patent” means the registered patent, application for patent, application for provisional patent and associated material whether or not registered.

“Potential Vendor” means a company intending to enter a proposal under the Pre- Qualification Announcement issued by the INDIANA HARBOR BELT RAILROAD in February 2014. Any signatory to this Non- Disclosure Agreement who is not an employee or representative of the IHB is considered a Potential Vendor in language

“Purpose” means the purpose in item 1 of Schedule 1.

In interpreting this Agreement:

- (i) a reference to the singular shall include the plural;
- (ii) a reference to a person shall include an individual, a company or other entity;
- (iii) Schedules shall form part of this Agreement.

“Recipient” means a Party receiving Information hereunder.

2. Confidentiality Agreement Recitals

- 2.1 Each Recipient shall maintain all the Information given to it by, or on behalf of the other party who is the Discloser, in strict confidence.
- 2.2 A Recipient shall use the Information, or permit it to be used, only for the term of this Agreement.
- 2.3 A Potential Vendor shall not copy, replicate or disclose information, nor permit it to be copied, replicated or disclosed, without the prior approval of the INDIANA HARBOR BELT RAILROAD
- 2.4 A Potential Vendor may NOT disclose any information to the press, trade journals, electronic or print media, without the express written consent of the INDIANA HARBOR BELT RAILROAD**
- 2.5 Notwithstanding clause 2.3, a Recipient may disclose the Information to its Participants, employees, officers and agents to the extent that such people need access to the Confidential Information for the Purpose, and then only subject to clause 5.

3. Exceptions to Confidentiality Agreement

The obligations in clause 2 shall not apply to the extent that:

- 3.1 A Potential Vendor can prove such Information is in the public domain prior to the disclosure to that Recipient of the Information by the Discloser to that Recipient, or its Participants to that Recipient, free of any obligation of confidentiality;
- 3.2 The Information subsequently comes into the public domain other than as a result of a breach by a Potential Vendor or any employee, officer, or agent of that Potential Vendor;
- 3.3 A Recipient can prove such Information was possessed in tangible form by the Recipient prior to its receipt from the Discloser,
- 3.4 The Information is disclosed by the Discloser after the termination of this Agreement or receipt of notice from the Recipient that it does not wish to receive any further Information from the Discloser; or
- 3.5 A Recipient is required by law or a court or government authority to disclose Information, subject to the Recipient immediately notifying the Discloser of Information to that Recipient, and giving all reasonable assistance to the Discloser to apply for an exemption from or limitation in making the disclosure. Only if the Discloser elects not to seek to prevent such disclosure, or is unsuccessful in obtaining an order or ruling waiving or restricting disclosure, may that Recipient disclose the Information, and then only as required by suchlaw or court or government authority.
- 3.6 The INDIANA HARBOR BELT RAILROAD will disclose appropriate information shared with it by Parties participating in the Pre- Qualification and Request for Proposals process to

the appropriate regulatory agencies as requested. These agencies include, but are not limited to: The United State Department of Transportation (USDOT), The United States Environmental Protection Agency (USEPA), The Federal Railroad Administration (FRA), The Illinois Environmental Protection Agency (IEPA), The Indiana Department of Environmental Management (IDEM), The Illinois Department of Transportation (IDOT), The City of Hammond Indiana, and the Chicago Metropolitan Agency for Planning (CMAP).

4. Return of Documents

- 4.1 Upon the termination of this Agreement, or earlier as determined solely by the INDIANA HARBOR BELT RAILROAD, each Recipient shall either, at the Discloser's election, return to the Discloser, or provide evidence of the destruction of all documents, electronic data or other record of the Information.
- 4.2 Any notes, images or summaries made by that Recipient of the Information shall be either destroyed or upon written notice to the Discloser, retained in a secure and strictly confidential file.

5. Officers, Employees, Consultants

- 5.1 This Non- Disclosure Agreement is binding upon all Participants, employees, consultants, officers and agents of the Potential Vendor.

6. Breach

- 6.1 Each Recipient indemnifies each Discloser, its Participants and their respective directors, officers, employees and agents for any loss or damage whether direct, indirect or consequential, that Discloser, its Participants or their respective directors, officers, employees or agents may suffer as a result of any failure to maintain strict confidence, wrongful use, or wrongful disclosure of the Information by the Recipient, its Participants or their respective directors, officers, employees or agents.
- 6.2 In the event of a breach of this Agreement, the Discloser and its Participants may suffer significant loss and damage, which may be irreparable or may otherwise be difficult to quantify. Each Recipient agrees that in addition to all other remedies that may be available to each Discloser and its Participants, that Discloser may be entitled to equitable relief, including an injunction or a preliminary injunction, in addition to all other remedies available to it
- 6.3 A Potential Vendor found in breach of this Non- Disclosure Agreement shall immediately and irrevocably forfeit the right to participate in any current or future work or bids set forth by the INDIANA HARBOR BELT RAILROAD

7. Term

All obligations and rights under this Agreement shall remain in force for four (4) years from the date of this Agreement. The Term may be reduced solely at the discretion of the INDIANA HARBOR BELT RAILROAD

8. Waiver

The waiver by the Discloser of any provision of this Agreement shall not be deemed to be a waiver of any subsequent breach of that provision.

A waiver of any right by the Discloser must be in writing and signed by or on behalf of the Discloser.

9. Enforceability

If a court determines that any provision of this Agreement is invalid or unenforceable, to the extent possible, the remaining provisions shall be given effect and shall remain in force.

If a court of competent jurisdiction, determines that the term of the Agreement set out in this Agreement, the term shall be deemed to be reduced progressively by amounts of one year, until the term is considered to be enforceable by that court.

10. Acknowledgement

The parties acknowledge that this Agreement is for the benefit of the Indiana Harbor Belt Railroad, to the fullest extent permitted by law.

11. No Other Obligations

Except as expressly provided herein, neither Party acquires any intellectual property rights hereunder, or (b) assumes any obligation of any kind, including any obligation to disclose any Information or to deal exclusively with the other Party in any field or to purchase, sell, license or otherwise transfer any technology, services or products. No agency, partnership or joint venture is created by this Agreement.

12. No Warranty

Any Information disclosed under this Agreement is provided “as is” and without any warranty, express or implied, including, without limitation, any warranty as to the utility, suitability, adequacy, accuracy, sufficiency or freedom from defect of any kind, including freedom from any patent infringement that may result from the use of such Information. The Discloser will have no liability to the Recipient with respect to any Information disclosed under this Agreement. This clause will not apply where any Information disclosed under this Agreement is misleading or misrepresented.

13. Assignment; Inurement

The Potential Vendor may not assign any of the rights or delegate any of its obligations under this Agreement, except with the prior written consent of the Indiana Harbor Belt Railroad. This Agreement will inure to the benefit of and be binding upon the Parties and their respective successors.

14. Proper Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana without reference to conflict of laws principles. The exclusive venue for any dispute relating to this Agreement shall be in the state or federal courts within Lake County, Indiana.

15. Counterparts.

This Agreement may be executed in two or more identical counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute the agreement when a duly authorized representative of each Party has signed the counterpart.

16. Entire Agreement.

This Agreement constitutes the entire agreement between the Potential Vendors and the INDIANA HARBOR BELT RAILROAD concerning the disclosure and distribution of information obtained and transferred to the Indiana Harbor Belt Railroad for the purpose of the Pre- Qualification Announcement. **There may be no alterations or changes of this Agreement by any Potential Vendor. Any changes to this Non Disclosure Agreement made by a Potential Vendor will be cause for immediate dismissal from the Pre Qualification and or Proposal Process.**

Declaration of Participants

List of Participants, Joint Venture Members, Contractors, Sub- Contractors , and all separate and distinct business entities joined to the Potential Vendor for the purposes of this Pre- Qualification Submittal, and if selected, Proposal to the IHB. The Potential Vendor is required to list all Participants involved in this submittal, as they are also bound by this Non Disclosure Agreement.

Name of Potential Vendor _____

Participant _____

Participant _____

Participant _____

Participant _____

Participant _____

EXECUTED as an Agreement on the date inserted below.

Signed and delivered as an agreement by

**INSERT NAME AND ADDRESS of
Potential Vendor**

By its duly authorized officer in accordance
with its charter documents

Signature

Date: ____/____/____

Printed Name of Signatory

Signed and delivered as an agreement by

INDIANA HARBOR BELT RAILROAD

2721 161st St

Hammond, IN 46323

By its duly authorized officer

Signature

Date: ____/____/____

Printed Name of Signatory