

Washington State Department of Community Trade and Economic Development
Request for Proposal
Weyerhaeuser Cosmopolis Pulp Mill Feasibility Study

1. INTRODUCTION

1.1 PURPOSE AND BACKGROUND

The Washington State Department of Community, Trade and Economic Development (Department) has prepared this request for proposal (RFP) to solicit proposals from interested firms or organizations to provide a feasibility study regarding the medium and long term economic prospects for Weyerhaeuser Corporation's Cosmopolis Pulp Mill.

1.2 OBJECTIVE

The purpose of this feasibility study is to determine the likelihood that that another investor could reasonably acquire the Weyerhaeuser pulp plant at Cosmopolis and operate it profitably and competitively without relying on significant workforce compensation reductions. Contract responsibilities will include necessary research and analysis to meet the requirements contained in the Scope of Work (Attachment A).

As appropriate and as required by the Department, the successful Contractor will be expected to coordinate study activities with the Department of Employment Security, the Department of Community, Trade and Economic Development, and the Governor's Office. Progress reviews involving those state entities and a local Advisory Committee composed of labor and business representatives are also included in the scope of work.

It is important to note that the reporting of the results of this study will be done both verbally to the parties referenced above and in print form. The final printed feasibility report will be publicly available after all parties mentioned above have reviewed it, offered their comments and concerns, and are satisfied with the quality of its analysis and conclusions.

1.3 MINIMUM QUALIFICATIONS

The Consultant must be licensed to do business in the state of Washington and have:

- A minimum of five years experience in providing production and marketing analysis for the pulp and paper industry.

1.4 FUNDING AND AWARDS

The maximum amount available for a contract awarded under this RFP is not expected to exceed \$80,000. The Department will reserve an additional \$20,000 that may be used at the Department's discretion, to pursue additional study that the Advisory Committee deems necessary after receiving the consultant's preliminary report on or before March 22, 2006. The Department expects to award one (1) contract as a result of this RFP. (See Section 3.3.A for Standard Procedures for Payment of Fees.)

1.5 PERIOD OF PERFORMANCE

The period of performance of any contract resulting from this RFP is scheduled to begin by February 14, 2006 and end on June 30, 2006. The contract will be issued through the Department. The Department reserves the option at its sole discretion to extend the contract, if needed, beyond June 30, 2006.

1.6 DEFINITIONS

Definitions for the purpose of this RFP include:

- Department** – The Department of Community, Trade and Economic Development is the agency of the state of Washington that is issuing this RFP.
- Consultant** – Individual or company submitting a proposal in order to attain a contract with the Department or its designated agent.
- Contractor** – Individual or company whose proposal has been accepted by the Department and is awarded a fully executed, written contract.
- Proposal** – A formal offer submitted in response to this solicitation.
- Advisory Committee** - Business, Labor, and Public Sector group to provide interim and final review of deliverables and advise the Department. The Weyerhaeuser Company will participate to the extent legally allowable. The Advisory Committee will be subject to strict confidentiality guidelines.
- Request for Proposal** – Formal procurement document in which services needed are identified and procedures are outlined for individuals or businesses to present their qualifications, proposals, and proposed costs for providing those services.

2. GENERAL INFORMATION FOR CONSULTANTS

2.1 RFP COORDINATOR

The RFP Coordinator is the sole point of contact in the Department for this procurement. All communication between the Consultant and the Department upon receipt of the RFP shall be with the RFP Coordinator as follows:

Name (RFP Coordinator)	Jim Keogh
Mailing Address	CTED/EDD 128 10 th Ave. SW PO Box 42525 Olympia, WA 98504-2525
Phone Number	360-725-4041
E-mail address	jimk@cted.wa.gov

Any other communication will be considered unofficial and non-binding on the Department. Consultants are to rely on written statements issued by the RFP Coordinator.

2.2 ESTIMATED SCHEDULE OF PROCUREMENT ACTIVITIES

Issue Request for Proposal	12/21/05
Dates For Submission of Written Questions	12/22/05-1/06/06
Date for Response to all Written Questions	1/09/06
RFP Proposals Due	1/17/06
Evaluate RFP Proposals	1/18/06 – 1/19/06
Consultants Notified	1/19/06
Finalist Oral Presentations (if necessary)	1/20/06 – 1/23/06
Evaluation of Presentations (if necessary)	1/24/06 – 1/26/06
Announce “Apparent Successful” Contractor;” Notify Unsuccessful Consultants	1/25/06
Negotiate Contract	1/26/06 – 1/30/06
File Contract with OFM	2/01/06
Begin Contract Work After 10 Working Days	2/14/06

2.3 SUBMISSION OF PROPOSALS

Consultants must submit proposals as hard copy. One (1) original and five (5) copies are required. The proposal, whether mailed or hand-delivered must arrive at the Department no later than 5 PM on Tuesday, January 17, 2006. Consultants assume the risk for the method of delivery chosen. The Department assumes no responsibility for delays caused by any delivery service. Proposals may not be transmitted by a facsimile or electronic transmission.

All written proposals received after the deadline stated above will be returned to the Consultant without consideration.

2.4 SUBMISSION OF WRITTEN QUESTIONS

Any questions concerning this RFP must be submitted to the RFP Coordinator in writing, via mail or e-mail, during the dates from December 23, 2005 through January 6, 2006 by 5:00 p.m. No questions will be accepted after January 4 and it is the responsibility of the Consultant to confirm receipt of questions with the RFP Coordinator. The Department is not responsible for non-receipt of electronic (e-mail) submissions in case electronic failure of either the Department or Consultant e-mail system.

All questions submitted, along with a response to each question, will be distributed on January 9 2006 to all Consultants who have requested this RFP. The questions and their response will be provided in writing via mail and e-mail. Any Consultant requesting an RFP after January 9 will also receive a copy of the questions received during the above period and the response to each question.

2.5 REVISIONS TO THE RFP AND REJECTION OF PROPOSALS

In the event that it becomes necessary to revise any part of the RFP, the Department reserves the right to add an addendum to the RFP. An addenda will be mailed to all those who have requested a copy of the RFP and who are on the RFP mailing list.

The Department reserves the right to reject any and all proposals received without penalty and to not issue a contract as a result of this RFP. The Department also reserves the right to cancel or to reissue the RFP in whole or in part prior to the execution of a contract.

2.6 PROPRIETARY INFORMATION/PUBLIC DISCLOSURE

Materials submitted in response to this competitive procurement shall become the property of the Department.

All proposals received shall remain confidential until the contract, if any, resulting from this RFP is signed by the Assistant Director of the Department and the apparent successful Contractor; thereafter, the proposals shall be deemed public records as defined in RCW 42.17.250 to .340, "Public Records."

Any information in the proposal that the Consultant desires to claim as proprietary and exempt from disclosure under the provisions of RCW 42.17.250 to .340 must be clearly designated. The page must be identified and the particular exception from disclosure upon which the Consultant is making the claim. Each page claimed to be exempt from disclosure must be clearly identified by the word "confidential" printed on the lower right hand corner of the page.

The Department will consider a Consultant's request for exemption from disclosure; however, the Department will make a decision predicated upon Chapter 42.17 RCW and Chapter 143-06 of the Washington Administrative Code. Marking the entire proposal exempt from disclosure will not be honored. The Consultant must be reasonable in designating information as confidential. If any information is marked as proprietary in the proposal, such information will not be made available until the affected Consultant has been given an opportunity to seek a court injunction against the requested disclosure.

A charge will be made for copying and shipping, as outlined in RCW 42.17.300. No fee shall be charged for inspection of contract files. All requests for information should be directed to the RFP Coordinator.

2.7 COSTS TO PROPOSE

The Department will not be liable for any costs incurred by the Consultant in the preparation or delivery of a proposal submitted in response to this RFP. All proposals submitted become the property of the Department upon receipt and will not be returned to the Consultant. The Department shall have the right to use all ideas contained in any proposal received in response to this RFP. Election or rejection of the proposal will not affect this right.

2.8 MINORITY & WOMEN-OWNED BUSINESS PARTICIPATION

In accordance with the legislative findings and policies set forth in chapter 39.19 RCW, the state of Washington encourages participation in all of its contracts by firms certified by the Office of Minority and Women's Business Enterprises (OMWBE). Participation may be either on a direct basis in response to this solicitation or on a subcontractor basis. However, no preference will be included in the evaluation of proposals, no minimum level of MWBE participation shall be required as a condition for receiving an award, and proposals will not be rejected or considered non-responsive on that basis.

The established annual procurement participation goals for MBE is 10% and for WBE 4%, for this type of project. These goals are voluntary. Bidders may contact OMWBE at 360-753-9693 to obtain information on certified firms.

2.9 ACCEPTANCE PERIOD

Proposals must provide 60 days for acceptance by the Department from the due date for receipt of proposals.

2.10 RESPONSIVENESS

All proposals will be reviewed by the RFP Coordinator to determine compliance with administrative requirements and instructions specified in this RFP. The Consultant is specifically notified that failure to comply with any part of the RFP may result in rejection of the proposal as non-responsive.

The Department also reserves the right, however, at its sole discretion to waive minor administrative irregularities.

2.11 MOST FAVORABLE TERMS

The Department reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be submitted initially on the most favorable terms, which the Consultant can propose. The Department does reserve the right to contact a Consultant for clarification of its proposal.

The Consultant should be prepared to accept this RFP for incorporation into a contract resulting from this RFP. Contract negotiations may incorporate some or all of the

Consultant's proposal. It is understood that the proposal will become a part of the official procurement file on this matter without obligation to the Department.

2.12 CONTRACT AND GENERAL TERMS & CONDITIONS

The apparent successful Contractor will be expected to enter into a contract with the Department. It is anticipated the first deliverable under the contract will be a monthly project work plan which will define the timeline for project completion and will be provided by the Contractor. It is further expected that any revisions to project work plan at the direction of the Department that must be approved, in writing, by the Department prior to any actual changes by the Contractor in the project deliverables, timelines or budgets

2.13 COSTS TO PROPOSE

The Department will not be liable for any costs incurred by the Consultant in preparation of a proposal submitted in response to this RFP, in conduct of a presentation, or any other activities related to responding to this RFP.

2.14 NO OBLIGATION TO CONTRACT

This RFP does not obligate the state of Washington or the Department to contract for services specified herein.

2.15 REJECTION OF PROPOSALS

The Department reserves the right, at its sole discretion, to reject any and all proposals received without penalty and not to issue a contract as a result of this RFP.

2.16 COMMITMENT OF FUNDS

The Assistant Director of the Department or his or her delegate are the only individuals who may legally commit the Department to the expenditures of funds for a contract resulting from this RFP. No cost chargeable to the proposed contract may be incurred before receipt of a fully executed contract.

3. PROPOSAL CONTENTS

All proposals must be on eight and one-half by eleven (8-1/2 x 11) inch paper and bound in 3-ring binders with tabs separating the major sections of the proposal. The scope of work (Attachment A) details a set of questions and areas of study based on comments received from community leadership, employees, Weyerhaeuser officials and the experience-based analysis of the Department's staff.

Three major sections of the proposal are to be submitted:

- 1) Letter of Submittal, including signed Certifications and Assurances (Exhibit B to this RFP). Submit one (1) original and five (5) copies each of the Letter of Submittal and signed Certificates and Assurances.

The Letter of Submittal shall identify all parts of the response and raise any claim of exemption from disclosure.

The Letter of Submittal and the Certifications and Assurances Form (Exhibit B) must be signed and dated in ink by a person legally authorized to bind the Consultant to a contractual relationship.

- 2) Project Management, Technical and Cost Component – Submit one (1) original and five (5) copies.
- 3) The proposed methodology and schedule of the study. The proposed schedule shall include four discussions with the Advisory Committee: (1) a pre-study discussion about goals and context; (2) one mid-process update on findings, (3) a full analysis and presentation of preliminary findings to be completed by April 30, 2006. The final deliverable in the form of a written report will be completed by June 30, 2006. If objections are noted in the preliminary findings by the committee, they will be removed or corrected in the final written report.

The proposal shall include a payment schedule for deliverables that assumes partial payment at Review period (2) and (3) described above with final payment to be made following receipt of an acceptable product by the June 30, 2006 deadline. (The department must receive the final request for reimbursement no later than July 6, 2006.)

PROJECT MANAGEMENT, TECHNICAL AND COST COMPONENT

- A. Complete the Confidential Financial Capability and Information Form (Exhibit C) attached.
- B. Provide a description of the proposed project staffing. Name and provide a brief resume for all key employees to be assigned to this account. Describe any skills or previous experience for clients that are similar to the Department.

State the name, title, or position of the person who would have primary responsibility and final decision-making authority for overseeing all work outlined in Exhibit A, Scope of Work.

- C. If subcontractors are to be used, identify and include a brief resume of each.
- D. Has the Consultant had a contract terminated for default in the past five years?

NOTE: Unless a Contractor with a history of defaulting has a satisfactory explanation of why this happened and what steps have been taken to prevent a repetition, the Department will reject the proposal on the grounds of past experience.

- E. List a minimum of three clients and one media representative, including contact name and phone number that you would recommend we contact for information about your agency.

The next portion of this section is designed to provide a format that can judge the competence, knowledge, and qualifications of the Consultants. Your responses should reflect and take into account the information provided in Exhibit A, Scope of Work and Market Data.

F. Describe how you have performed a similar study or analysis for a client or clients that you consider to be similar to the Department or a potential operator of such a plant. What data did you use? What were the primary objectives? How did you determine whether the objectives were met? Describe any experience in developing and implementing a study that must be reviewed by an Advisory Committee.

G. Project Budget Explanation

Present the budget for the work you would expect to do to meet the expectations detailed in Exhibit A, Scope of Work. Note the assumptions made in arriving at this budget level and provide detail regarding the compensation costs, FTEs to be employed, travel costs, etc. Please also detail the costs of any consultants to be hired along with their fees and their credentials.

4. EVALUATION AND CONTRACT AWARD

4.1. EVALUATION PROCEDURE

A. The evaluation process has two levels. Level one is the evaluation of the written proposal, which consists of written responses to three components listed above. The evaluation of the written proposals shall be performed by a small Advisory Committee to the Department that will include public sector, business and labor representatives. The top ranked consultants recommended by the Advisory Committee to the Department as finalists will proceed to the second level involving oral presentations and interviews.

B. Oral Interviews

It is anticipated that any necessary oral interviews will be scheduled during the time period of January 20 to 23; interviews may take place in person or by phone. The Advisory Committee will also evaluate these and make a recommendation to the Department. The oral interviews will be limited to approximately one hour.

4.1 PROTEST PROCEDURE

This procedure is available to Consultants who submitted a response to this solicitation document and who have participated in a debriefing conference. Upon completing the debriefing conference, the Consultant is allowed three (3) business days to file a protest of the Advisory Committee recommendation with the RFP Coordinator. Protests may be submitted by facsimile, but should be followed by the original document.

Consultants protesting this procurement shall follow the procedures described below. Protests that do not follow these procedures shall not be considered. This protest procedure constitutes the sole administrative remedy available to Consultants under this procurement.

All protests must be in writing and signed by the protesting party or an authorized Agent. The protest must state the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included. All protests shall be addressed to the RFP Coordinator.

Only protests stipulating an issue of fact concerning the following subjects shall be considered:

- A matter of bias, discrimination or conflict of interest on the part of the Advisory Committee;
- Non-compliance with procedures described in the procurement document or Department policy.

Protests not based on procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as: 1) an Advisory Committee's professional judgment on the quality of a proposal; or 2) Department's assessment of its own and/or other agencies needs or requirements.

Upon receipt of a protest, the Department will hold a protest review. The Department Director or an employee delegated by the Director who was not involved in the procurement will consider the record and all available facts and issue a decision within five business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

In the event a protest may affect the interest of another Consultant that submitted a proposal, such Consultant will be given an opportunity to submit its views and any relevant information on the protest to the RFP Coordinator.

The final determination of the protest shall:

- Find the protest lacking in merit and uphold the Department's action; or
- Find only technical or harmless errors in the Department's acquisition process and determine the Department to be in substantial compliance and reject the protest; or
- Find merit in the protest and provide the Department options which may include:
 - Correct the errors and re-evaluate all proposals; and/or
 - Reissue the solicitation document and begin a new process; or
 - Make other findings and determine other courses of action as appropriate.

If the Department determines that the protest is without merit, the Department will enter into a contract with the apparently successful contractor. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

EXHIBIT A

SCOPE OF WORK

I. Background

The Washington State Department of Community, Trade and Economic Development (Department) is authorized under RCW 43.330.060 to develop and implement programs to retain Washington businesses. The purpose of this feasibility study is to determine the likelihood that that another investor could reasonably acquire the Weyerhaeuser pulp plant at Cosmopolis and operate it profitably and competitively without relying on significant workforce compensation reductions. The Weyerhaeuser Corporation will cooperate with the study to the extent legally allowable.

II. Scope of Work

The Contractor selected to provide the Department this feasibility study and analysis shall perform, at a minimum, the following tasks in order to meet the goal stated above in the background section:

1. Conduct an economic analysis of Weyerhaeuser's Cosmopolis facility as an ongoing business.
 - A. Collect baseline financial and operational data for the plant as it exists as part of the Weyerhaeuser structure
 - B. Use this information to build an economic analysis of Cosmopolis as a stand-alone business
 - C. Amend the analysis for Cosmopolis to examine the option of the plant as part of a strategic partnership, aligned with or part of another corporation.
2. Provide a current situational analysis of the facility.
 - A. Identify current assets and liabilities.
 - B. Compile a financial statement for the past 3-5 years and identify the business cycle for specialty pulp
3. Make professional recommendations for future viability of the Cosmopolis plant. Provide evidence and support conclusions.
 - A. If viability is recommended: Identify the options for the plant's strategic position in the market, suggest potential future alliances and recommend necessary tasks to complete these recommendations.
 - B. If viability is not recommended: Identify the key barriers to viability and the legacy costs (environmental and otherwise) involved in closure, and list possible alternate uses for the plant structures and surrounding property.

Consulting firms responding to this RFP have latitude in designing their proposals to meet the above but should make sure that their analysis will address most of the following related and

specific ideas, questions and concerns that have already emerged from community and labor meetings:

- A) Are there potential improvements in plant operation that would make the plant more competitive and profitable? Are there bottlenecks in the plant's production stream? What would it cost to fix those and what would be the resulting benefit?
- B) What are the trends in availability and costs of raw material supplies for the plant? Can such supplies be acquired at a sufficiently affordable cost in the foreseeable future to allow the plant to compete in its world market? Are there any logistical issues that would either deny this plant access to significant portion of the chip supply or make their acquisition too expensive?
- C) What is the world market for the pulp product currently produced by this plant? How easily this plant's production could be replaced in the marketplace? Can one project the threats to the plant on a five and ten year horizon? Who are the plant's current customers? Are they likely to stay customers in the future (presuming the plant continues operation)? What are the major threats in this regard?
- D) What current and emerging product lines could this plant potentially supply (but currently does not)? Where are the plant's best opportunities lie in capturing a portion of these markets?
- E) Does the plant's workforce and management as well as knowledgeable community and industry leadership have practical suggestions for the improved functioning of the plant, potential new markets to be developed, and any related changes in the feedstock mix? If so, could a first cut evaluation of the cost/benefit viability of these suggestions be provided, noting which are complementary to each other and which require either/or choices?
- F) Is there an opportunity for additional co-generation at the plant?
- G) What environmental liabilities might the plant present to a new buyer? Under what circumstances? Is it possible to generate a preliminary estimate of the potential costs and liabilities that will need to be either assumed by a new buyer or will remain with Weyerhaeuser?
- H) What are the capital and maintenance needs of the plant for the next 5-10 years, looking particularly at necessary equipment replacements due to wear, process line improvements, needed improvements for productivity purposes, and working capital needs? Would any changes in current maintenance procedures reduce this projected capital cost substantially?

As appropriate and as required by the Department, the successful Contractor will be expected to coordinate their study activities with the Department, the Governor's Office, the Grays Harbor Economic Development Council, other state agencies, and labor representatives for those employed at the Cosmopolis plant.

It is important to note that the reporting of the results of this study will be done both verbally to the parties referenced above and in print form. The final printed feasibility report will be publicly available after all parties mentioned above have reviewed it, offered their comments and concerns, and are satisfied with the quality of its analysis and conclusion.

EXHIBIT B**CERTIFICATION AND ASSURANCES**

I/we make the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract(s):

1. The prices and/or cost data have been determined independently, without consultation, communication or agreement with others for the purpose of restricting competition. However, I/we may freely join with other persons or organizations for the purpose of presenting a single proposal.
2. The attached proposal is a firm offer for a period of 60 days following receipt, and it may be accepted by Washington State Department of Community, Trade and Economic Development (CTED) without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 60-day period.
3. In preparing this proposal, I/we have not been assisted by any current or former employee of the state of Washington, who previously was an employee of the state of Washington during the past 24 months, whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. Neither does such a person nor any member of his or her immediate family have any financial interest in the outcome of this proposal. (Any exceptions to these assurances are described in full detail on a separate page and attached to this document.)
4. I/we understand that CTED will not reimburse me/us for any costs incurred in the preparation of this proposal. All proposals become the property of CTED and I/we claim no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
5. Unless otherwise required by law, the prices and/or cost data which have been submitted have not been knowingly disclosed by the Proposer and will not knowingly be disclosed by him/her prior to opening, directly or indirectly to any other Proposer or to any competitor.
6. No attempt has been made by the Proposer to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.
7. I/we understand that any contract(s) awarded as a result of this bid proposal will incorporate General Terms and Conditions substantially similar to those attached in Exhibit D. I/we certify that I/we will comply with the General Terms and Conditions if selected as a contractor.

Signature of Proposer

Title

Date

EXHIBIT C

CONFIDENTIAL FINANCIAL CAPABILITY AND INFORMATION

Washington State Department of Community Trade and Economic Development

Proposer Name: _____ Title: _____

Address: _____

Phone: _____ Fax: _____

Submitted by: _____ Date: _____

PLEASE ATTACH ADDITIONAL SHEETS AS NECESSARY

Part 1 – Identifying Information

1. Name, address, principal place of business, and telephone number of legal entity with whom contract is to be written: _____

2. Name, address, and telephone numbers of principal officers, including the person to manage the contract: _____

3. Legal status of the Proposer and year entity was established: _____

4. Federal Employer Identification number: _____
Washington Uniform Business Identification number: _____

5. If any party named above was, or is, an employee of the state of Washington in the past 24 months, indicate his/her social security number, job title, employing agency, and separation date: _____

6. List your principal clients, length of time that you have held each, approximate current annual billing of each, and business classification. Indicate all pulp and paper or timber industry related accounts in this list, even if you do not consider them principal accounts. Indicate all new clients acquired over the last three years:

