ADDENDUM No. 1

RFP No. 26-49

Neighborhood Heating Decarbonization Plan

Due: October 21, 2026 at 2:00 P.M. (local time)

The information contained herein shall take precedence over the original documents and all previous addenda (if any) and is appended thereto. **This Addendum includes three (3) pages.**

The Proposer is to acknowledge receipt of this Addendum No. 1, including all attachments in its Proposal by so indicating in the proposal that the addendum has been received. Proposals submitted without acknowledgement of receipt of this addendum may be considered non-conforming.

The following forms provided within the RFP Document should be included in submitted proposal:

- **Attachment B – City of Ann Arbor Non-Discrimination Declaration of Compliance**
- **Attachment C - City of Ann Arbor Living Wage Declaration of Compliance**
- **Attachment D - Vendor Conflict of Interest Disclosure Form of the RFP Document**

Proposals that fail to provide these completed forms listed above upon proposal opening may be rejected as non-responsive and may not be considered for award.

I. QUESTIONS AND ANSWERS

The following Questions have been received by the City. Responses are being provided in accordance with the terms of the RFP. Respondents are directed to take note in its review of the documents of the following questions and City responses as they affect work or details in other areas not specifically referenced here.

Question 1: Task 2 references 4 to 10 households, and at the pre-proposal meeting you described micro-neighborhoods as roughly 4 to 20 homes. Does that range refer to the size of each neighborhood or the number of participating households? For networked geothermal, would the City be open to a larger area if the economics require it?

Answer 1: The City anticipates having a potential “micro-neighborhood” of between 4-20 households. The first two neighborhoods identified have between 4 and 10 households, but the City is working to identify two to four additional micro-neighborhoods for consideration as part of the project. And yes, the City is open to a larger networked geothermal system if the economics require it and/or prove the project to be viable.

Question 2: Could you share more about the candidate neighborhoods DTE has identified, including whether the selected firm will receive DTE's cost and timing information for those areas? Should Task 1 focus on these areas, or also look citywide for other candidates?

Answer 2: The selected contractor will receive information about the candidate neighborhoods as well as energy-usage information from DTE. But these will be merely suggestions and the contractor will help the City identify other areas for consideration.

Question 3: Should electric baseboards be evaluated as a full scenario alongside the three technologies in the RFP? Should hybrid systems that keep gas as a backup be considered?

Answer 3: The City does not anticipate that baseboard heating will be identified as a viable alternative to fossil gas so bidders should not anticipate modeling this strategy. And no, hybrid systems will not be considered as part of this project given the goal of decarbonization.

Question 4: Beyond gas data, does the City expect DTE to share electric system data? Roughly how soon after the contract starts does the City expect data to be available?

Answer 4: Yes, the City anticipates receiving DTE gas and electric data for residents involved in the project. The hope is that this data comes directly from DTE. If this isn't possible, the City will request it directly from residents. To start the project, the winning bidder will receive average household utility information from the City to start building their model. These average figures will be replaced with specifics once utility bills are acquired.

Question 5: Will the selected firm have access to the Stantec geothermal study materials and the Bryant project data? Should Bryant be treated as one of the micro-neighborhoods or as a reference case?

Answer 5: The winning bidder will have access to the Stantec geothermal study materials and may have access to some of the data from Bryant, depending on what data is requested. Byrant is not expected to be one of the micro-neighborhoods.

Question 6: Does the City have a preferred format for the neighborhood-scale economic model, such as a tool City staff can maintain and update after the project ends?

Answer 6: The City does not have a preferred model format, only that a model be created that the City can use and operate post-project completion.

Question 7: Should the economic analysis compare ownership models for networked geothermal, such as SEU or utility ownership?

Answer 7: We do not anticipate needing this much detail for modeling at this time.

Question 8: Should the four hours per week of Task 2 support begin at contract start or once the implementation neighborhoods are selected? Will the City collect data consent forms from participating households?

Answer 8: The four hours of estimated weekly support for Task 2 should correspond with the start of neighborhood engagement and implementation. And the City anticipates collecting consent forms from participating households.

Question 9: We understand kickoff will be in December, with active work beginning in January. Building on lessons from the City's prior gas rate interventions, we want to make sure our analysis is thoroughly developed and vetted before it enters the record in U-22241, including the data requests and discovery it depends on. What testimony schedule does the City anticipate? Since you described the intervention as introducing real-world experience into the record, how does the City see Task 1 and Task 2 findings fitting into U-22241 versus future rate cases? Would the City like discovery support to begin right after the contract?

Answer 9: The schedule for U-22241 has not been released yet as the Utility has not formally filed. As such, we cannot answer this question.

Question 10: Does the $125,000 budget stay the same regardless of the UCPB grant decision, or would an award increase it? Should Task 3 costs be broken out separately for grant reporting in our proposal?

Answer 10: The budget will be $125,000 regardless of if the City receives the UCPB grant award. And all tasks should be broken out as part of the budget proposal.

Offerors are responsible for any conclusions that they may draw from the information contained in the Addendum.