



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning, and Brown
FROM: Mel Damewood, Engineering Manager; Mike McCann, Generation Manager
DATE: October 23, 2015
SUBJECT: Carmen Powerhouse—Wildish CM/GC Contract
OBJECTIVE: Approve Construction Services Amendment and Task Order 1 – Turbine Shutoff Valve Procurement

Issue

On April 5, 2011 the Board approved a Construction Manager/General Contractor (CM/GC) contract with Wildish Construction, which authorized them to begin work on the preconstruction services phase of the Carmen Smith Improvements Project. Staff is requesting that the Board approve an amendment that would authorize Wildish to initiate the construction services phase of the CM/GC contract. Construction services include procuring materials and equipment; soliciting bids from specialty contractors; managing subcontractors and suppliers; coordinating construction activities; and assuming overall responsibility for work at the Carmen Powerhouse on a task-by-task basis.

The initial steps for acquiring new turbine shutoff valves for the Carmen Powerhouse were recently completed. Wildish solicited proposals for supply of the turbine shutoff valves under the previously approved CM/GC preconstruction services contract phase. If the Board approves the construction services amendment of Wildish's CM/GC contract, the initial construction phase task will be for Wildish to purchase the valves.

Background

The Carmen Powerhouse is over 50 years old and much of the equipment has reached the end of its useful life and is no longer functioning reliably. EWEB Engineering and Operations staff have developed a preliminary powerhouse rehabilitation schedule that includes procurement of some long lead time equipment. Planned work at the Carmen Powerhouse through 2018 consists of the following major construction projects:

- **Procure and replace turbine shutoff valves.** The Carmen Powerhouse has two 9.5-foot-diameter valves that shut off flow from the penstock to the turbines. These valves are critical to both the operation of the turbines and to allow inspection and maintenance of the generating equipment. At this time, because the seats of the valves have failed, it is not possible to seal the valves sufficiently to dewater the turbines or other downstream equipment to allow for safe inspection or maintenance work.
- **Upgrade substation.** The existing transformers at the Carmen substation are at the end of their useful life and are exhibiting early signs of failure, including production of acetylene gas. New transformers have been purchased and are in storage awaiting installation. Other improvements include procuring and installing new switchgear; support slab reinforcing and waterproofing; and control system upgrades.

- **Powerhouse structural and seismic upgrades.** The powerhouse will be evaluated and modified to comply with current code requirements. The top deck and access bridge will be reinforced to accommodate expected equipment and transport loads.

Beyond 2018, upgrade plans at the powerhouse include turbine runner replacements, generator rewinds, and replacement of failing ancillary systems.

Discussion

Wildish CM/GC Contract Amendment 8

An original intent of the April 2011 CM/GC contract was to assign overall project construction responsibility to Wildish. It is anticipated that Wildish will subcontract the vast majority of powerhouse improvement work to specialty subcontractors. The CM/GC contracting approach provides the following advantages to EWEB on the relatively large, complex powerhouse improvement project:

- When it is necessary to pre-purchase large equipment to meet schedule demands, Wildish assumes overall responsibility for both the procurement and installation work.
- The CM/GC contract limits overhead and profit markups to negotiated, favorable levels.
- Wildish's on-site representatives provide an additional measure of quality control during construction.
- Wildish's procurement process relieves EWEB Purchasing staff of time consuming solicitation and contracting responsibilities, while maintaining the advantages of competitive bidding.
- Supplier and subcontractor coordination are the responsibility of a single entity.
- The construction services amendment is structured as a master agreement with task orders. This allows EWEB to easily exit the CM/GC contract if a more favorable contracting approach is determined.

The construction services requirements are addressed via amendment to the CM/GC contract. The amendment clarifies the public procurement requirements for construction contracts including requirements for bonding, payment procedures, insurance, drug testing, prevailing wage, general conditions, and change order processes. The amendment also outlines requirements for determining the cost of the work, procurement processes, and construction management responsibilities.

For each Task Order issued, Wildish will work with EWEB and EWEB's consulting engineers to perform preconstruction activities including preparation of the scope of work, schedule requirements, costs, and terms of the agreement. A Task Order agreement will be negotiated and each Task Order will be brought to the Board for approval. If there are construction tasks with pricing under \$150,000, the task will be reported on the quarterly contracts report to the Board.

Task Order 1 – Turbine Shutoff Valve Procurement

Based on a recently completed RFP process, EWEB and Wildish are ready to begin work on Task Order 1 – Procurement of Turbine Shutoff Values, under the construction services contract. The RFP generated two proposals which were reviewed and evaluated by EWEB, Wildish, and EWEB's consulting engineer. If approved, Wildish will put a contract in place with the highest ranked and lowest cost proposer, Adams Valves.

The Task Order 1 pricing is \$1,623,656 which includes:

- Procurement of two Turbine Shutoff Valves
- General conditions costs
- Contract management
- Valve unloading and storage
- Inspection and quality control
- Overhead and Profit

A subsequent Task Order will be issued for the services required to install the valves.

Requested Board Action

Staff requests that the Board approve Wildish CM/GC Contract Amendment 8—Construction Period Services.

Staff also requests that the Board approve Construction Task Order 1—Turbine Shutoff Valve Procurement, for a not-to-exceed amount of \$1,623,656.

If there are any questions or if more information is needed, please contact Mel Damewood, (541) 685-7145 (mel.damewood@eweb.org), or Mike McCann, (541) 685-7379 (mike.mccann@eweb.org).

EWEB BOARD AGENDA ITEM ACTION REQUEST
For Contract Awards, Renewals, and Increases generally over \$1 million

The Board is being asked to approve **Construction Task Order #1** of the CM/GC contract with **Wildish Building Company** for the procurement of **Turbine Shutoff Valves**.

Backgrounder ("See backgrounder information") Yes

Board Meeting Date: 11/03/15

Project Name/Contract#: Carmen-Smith Environmental Improvements

Primary Contact: Mel Damewood Ext. 7145

Secondary Contact: Mark Zinniker Ext. 7449

Purchasing Contact: Quentin Furrow Ext. 7380

Action Requested:

- Contract Award
- Contract Renewal
- Contract Increase
- Other

Contract Amount:

Original Contract Amount: \$90,000 (preconstruction services)

Additional \$ Previously Approved: \$272,000

Invoices over last approval: \$ NA

Percentage over last approval: NA %

Amount this Request: \$1,623,656

Resulting Cumulative Total: **\$1,985,656**

Funding Source:

- Budget
- Reserves
- New Revenue
- Bonding
- Other

Contracting Method:

Method of Solicitation: Formal RFP (Alternative Procurement)

If applicable, basis for exemption: _____

Term of Agreement: April 2011- June 2016 (this Task Order)

Option to Renew? Yes, as part of CM/GC Contract

Approval for purchases "as needed" for the life of the contract No

Form of Contract:

- Single Purchase
- Services
- Personal Services
- Construction
- IGA
- Price Agreement
- Other (CM/GC)

Narrative:

In January 2011, staff solicited proposals from qualified contractors to provide Construction Manager/General Contractor (CM/GC) services for the purpose of aiding the EWEB Carmen-Smith design team with planning and design of certain environmental improvements at the Carmen-Smith facility under the new FERC license. The Board approved the award of a contract to Wildish Building Company to support this work using a time and materials contract with a value not to exceed \$90,000. At the time of pre-construction negotiation, staff believed that the FERC license would be issued by fall of 2011 and the pre-construction contract would be converted to a construction contract by early 2012. The license has not yet been issued. Staff had increased the contractor's responsibilities by adding powerhouse bypass valve work; powerhouse "balance of plant" work; additional design cost estimates; constructability and value engineering related to powerhouse and substation design; work package development; and preparation of project schedules among other tasks. Staff had previously requested Board approve the amendment to authorize the addition of construction services to the CM/GC contract and stated that guaranteed maximum prices (GMPs) would be negotiated for future task orders issued under this contract. This is the first task order to be issued under the contract.

If approved, this Construction Task Order #1 will authorize the procurement, delivery, unloading, and storage of the new turbine shutoff valves (TSVs) and associated equipment and ancillary facilities. The TSVs are critical to the operation of the turbines and allow inspection and maintenance of the generating equipment. A Request for Proposals has been issued for the new TSVs and a contract has been negotiated with a supplier that can meet EWEB's requirements. Approval of this task order will allow Wildish to contract with the supplier and ensure delivery of the valves according to EWEB's project schedule. Further details are included in the attached backgrounder.

ACTION REQUESTED:

The Board is being asked to approve **Construction Task Order #1** of the CM/GC contract with **Wildish Building Company** for the procurement of **Turbine Shutoff Valves**. Funds for this work were budgeted for 2015 and will be budgeted annually for the remainder of the contract.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____