MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO:	Commissioners Mital, Simpson, Helgeson, Manning, and Brown
FROM:	Mel Damewood, Engineering Manager
DATE:	September 25, 2015
SUBJECT:	Special Procurement Process: Carmen Powerhouse Crane Refurbishment Project
OBJECTIVE:	Approve Alternative Procurement Process and GM Contract Signing Authority

Issue

The Carmen Powerhouse Crane is not currently operational and most major components are either at the end of their life, or unsuitable to reliably and safely perform critical lifts. The crane must be refurbished for upcoming planned powerhouse construction work and to be prepared for unplanned events. Management is asking the Board to approve an alternative procurement process in order to facilitate the timelines for the Carmen Smith Powerhouse Project.

Background

Carmen Powerhouse Crane contract 017-2014 was initially advertised as a conventional bid in April 2014, where the contractor was responsible for detail design and construction. This contract was unsuccessful due primarily to the low bidder's lack of experience. The previous contract was terminated and EWEB negotiated a settlement agreement that will make EWEB financially whole, but a functional and reliable crane is still needed for upcoming powerhouse work starting in March 2017.

Discussion

Staff have investigated approaches that will best accommodate the project complexity, approach, and timeline. The Design-Build process was determined to be the best approach for this project, Design-Build processes are considered an alternative procurement and must obtain Board approval.

A Design-Build process is often used for complex projects that require a tight timeline. With Design-Build, the contractor is responsible for the entire project including the design and implementation of the design. Benefits to this process are summarized below and are included in the published findings, attached as Exhibit A.

- Allows for contractor selection using a Request for Proposals process. Evaluation criteria include qualitative criteria such as value engineering, experience, quality product, and price.
- The Contractor and the Engineer would be able to work in parallel, enabling parts requiring long lead-times to be designed and ordered ahead of the final design. Because of this, the on-site construction phase of the project could be completed prior to winter.
- Improved opportunity to have the crane available during the Fall 2016 Carmen outage, which

would save costs on rentals and allow the crane to be tested prior to the start of powerhouse work.

Quality assurance for EWEB preferences, design, and workmanship will be achieved through the employment of an Owner's Representative experienced in refurbishment of similar cranes. The Owner's Representative has worked with EWEB Engineering to develop performance specifications, which will be the basis of the Request for Proposals.

The high end of the overall budget estimate for the gantry crane project is $2.7 million. Since implementation of the work will not occur in 2015 as originally planned, the budget allocation for 2015 will be rolled over to 2016 and updated to reflect the actual bid result during the April 2016 true-up of the CIP. Once the design-build team is selected, EWEB will work with them to value engineer, optimize scope, and ensure that all crane investments cost effectively deliver the necessary safety and equipment reliability improvements.

A Public Notice has been posted, allowing the business community and the general public to share any comments and concerns regarding the utilization of this process during the Public Comments segment of the October 6, 2015 Board meeting.

Recommendation
An Alternative Procurement process is recommended in order to maintain a competitive proposal process and obtain a quality product in time for major powerhouse work in 2017.

Requested Board Action
Management requests the Board approve a Design-Build Alternative Procurement process to select a contractor, using a Request for Proposals process. Management further requests that the Board authorize the General Manager to sign the resulting contract up to $2.5 Million and report back to the Board with the actual contract value to avoid losing several critical weeks that may postpone contract award.

If there are any questions or if more information is needed, please contact Mel Damewood, 541-685-7145 or mel.damewood@eweb.org.

Exhibit A

Carmen Powerhouse Crane Refurbishment

Findings and Notice of Public Hearing

9/16/2015

Background

The Carmen Powerhouse Crane requires refurbishment. The crane is at the end of its useful life and does not function in its current state for required load capacity.

Traditional Procurement Process

In a traditional Design-Bid-Build process, the design is created before the solicitation process begins. It is either produced in-house or is drafted by a contracted engineering firm. The design is included in the bid documents. The awarded contractor is responsible only for constructing the design according to EWEB specifications.

Alternative Procurement Process

In a Design-Build process, the design is procured with the construction and is not included in the solicitation specifications. The number of companies who collaborate to submit a proposal may increase. For example, an engineering firm may submit a proposal, with plans to sub-contract the construction, or a construction company may submit a proposal, with plans to sub-contract an engineer for the design. Still other companies are large enough to use in-house engineers.

One of the biggest differences between the two processes is that in the customary Design-Bid-Build, an Invitation to Bid is used and the award is determined by lowest cost (based on bidder ability to meet minimum qualifications.) In the Design-Build process, the awarded contractor will be responsible for both the construction and design. In order to evaluate both design and construction expertise, a Request for Proposals process will be used in order to base the award not only on cost, but other qualitative criteria, such as experience, interviews, and value engineering suggestions.

EWEB intends to complete a Design-Build process to procure the design and construction of the work. Design-Build processes are considered Alternative Procurements and require findings that justify the agency's conclusion that an Alternative Procurement process is preferable over a traditional Design-Bid-Build Process. The findings are published 14 days prior to a public hearing. The public hearing will be during the Public Comment Session at the Eugene Water & Electric Board Meeting, to be held on October 6, 2015 at 5:30 PM at 500 E. 4th Ave, Eugene, Oregon, North Building.

EWEB finds that a Design-Build process is an industry standard practice for this level of crane overhaul and preferable for this project, based on the structural and electrical controls complexities, the schedule, and coordination between the contractor and the designer of the work. Findings require overview of the following 8 categories and must address favoritism, competition, and cost savings factors.

(1) Operational, budget and financial data. The project is budgeted up to $2.5 million; the project is included in the capital improvement plan. A standard solicitation process would not

allow completion of the crane refurbishment prior to required onsite work including the delivery and installation of the Carmen turbine shutoff valves (TSV) scheduled for March 2017. Without an operational powerhouse crane, the TSV Contractor would be required to rent mobile cranes at an additional cost of between $150,000 and $250,000. A Design-Build contract would allow long lead time parts to be designed and ordered prior to total design completion, accelerating project completion.

(2) Public benefits. The use of a Design-Build process will benefit the public because this method ensures an effective design development and execution for a quality end product. The successful renovation of the Gantry Crane will allow for other required work on site to include replacement of turbine shut-off valves, transformers at the substation, and switchgear at the powerhouse as well as annual inspections, operations, planned maintenance, and effective emergency maintenance.

(3) Value engineering. The contractor will be available to consult and review designs prior to construction and advise on cost saving design elements.

(4) Specialized expertise required. Collaboration between the designer and construction contractor will offer a greater overall pool of expertise. In addition, EWEB Engineering has contracted with an engineering firm experienced in crane overhauls to develop performance specifications and drawings that reflect EWEB engineering and operational preferences. These performance specifications will be used as a basis for the RFP and will be used to guide the development of the detailed design.

(5) Public safety. Public safety will be preserved through the requirements of the contractor.

(6) Market conditions. In a request for information of public agencies regarding competitive processes, all crane refurbishment contracts identified were Design-Build projects. Seven specific examples of crane refurbishment projects were identified. Agencies included various PUDs, the US Army Corp of Engineers, and the US Bureau of Reclamation.

(7) Technical complexity. Minimum qualification will require prior experience on Design-Build projects and experience on public improvements and lifting equipment. The field of contractors meeting these minimum qualifications frequently have in-house designers and are accustomed to managing the design elements. The Design-Build process alleviates concerns with design coordination, contractual liability, equipment selection, and early equipment procurement.

(8) Funding sources. The funding source will be from the Capital Improvement Plan budget; no bonds or federal funds are required.

Favoritism and Competition: Competition for the work will be preserved through a Request for Proposal (RFP) process, including costing criteria. It will be advertised, competition will be encouraged, and the award will be based upon identified selection criteria.

Cost Savings Factors: Cost savings will include avoidance of a separate Request for Proposals for design services and the costs associated with managing two distinct contracts. To ensure competitive pricing, a competitive process will be used. By completing this project prior to the installation of the turbine shut-off valves, EWEB expects to save between $150,000 and $250,000 in Mobile Crane Services.

EWEB BOARD AGENDA ITEM ACTION REQUEST

For Contract Awards, Renewals, and Increases generally over $1 million

The Board is being asked to approve an Alternative Procurement Process **for the Carmen Powerhouse Crane Refurbishment and to authorize the General Manager to approve contract after completion of competitive process.**

Backgrounder ("See backgrounder information") Yes

Board Meeting Date: 10/06/2015

Project Name/Contract#: 041-2015 Carmen Powerhouse Crane Refurbishment

Primary Contact: Mel Damewood Ext.7145

Secondary Contact: _____ Ext._____

Purchasing Contact: Sandra Hahn Ext.7163

Action Requested:

_____ Contract Award
_____ Contract Renewal
_____ Contract Increase
__X__ Other

Contract Amount:

Original Contract Amount: $ up to $2,500,000

Additional $ Previously Approved: $ NA

Invoices over last approval: $ NA

Percentage over last approval: NA %

Amount this Request: $ up to $2,500,000

Resulting Cumulative Total: $ up to $2,500,000

Funding Source:

__X__ Budget
_____ Reserves
_____ New Revenue
_____ Bonding
_____ Other

Contracting Method:

Method of Solicitation: Request for Proposal / Design-Build

If applicable, basis for exemption: EWEB Rule 5-0600

Term of Agreement: Through Fall 2016

Option to Renew? No

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

Form of Contract:

_____ Single Purchase
_____ Services
_____ Personal Services
__X__ Construction
_____ IGA
_____ Price Agreement
_____ Other

Narrative:

The Carmen Powerhouse Crane is not currently operational and most major components are either at the end of their life, or unsuitable to reliably and safely perform critical lifts. The crane must be refurbished for upcoming planned powerhouse construction work and to be prepared for unplanned events.

The existing gantry crane was installed around 1963 and very few upgrades or overhauls have taken place since. In the past few years, electrical problems have increased and a gearbox casing has split, leaving the crane out of operation. Refurbishment activities include replacement of obsolete electrical equipment, preparation of future powerhouse conversion from 208V to 480V power, replacement of damaged and critical machinery, and bringing access and safety to current OSHA standards.

A contractor has not yet been selected. Staff recommends the use of an Alternative Procurement Process that will include a competitive process that will include value engineering, experience, project management, quality product, and price as evaluation criteria.

ACTION REQUESTED:

Management requests the Board approve a Design-Build Alternative Procurement process to select a contractor, utilizing a competitive RFP for the detailed design and refurbishment of the Carmen powerhouse crane. Management further requests that the Board authorize the General Manager to sign the resulting contract up to $2.5 Million and report back to the board with the actual contract value to avoid losing several critical weeks that may postpone contract award.

Since implementation of the work will not occur in 2015 as originally planned, the budget allocation for 2015 will be rolled over to 2016 and updated to reflect the actual bid result during the April 2016 true-up of the CIP.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____