



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Mel Damewood, Engineering Manager; Tom Ossowski, Electric Distribution Engineer
DATE: March 11, 2016
SUBJECT: Three Phase Padmounted Transformer 5 Year Contract Approval
OBJECTIVE: Board Approval

Issue

EWEB is presenting in the consent calendar the recommendation to approve a Three Phase Padmounted Transformer 5-Year Contract that is over \$1.0 million.

Background

Because the previous 5-year contract expired in March 2016, staff issued a formal invitation to bid for the periodic purchase of Three Phase Padmounted Transformers when the utility requires transformers for new installation or replacement of damaged units. Five bids were received and ERMCO Distribution Transformers, Dyersburg, TN, was determined to be the lowest responsive-responsible bidder. Staff conducted a review of EWEB's sustainability policy while evaluating the bids and determined that ERMCO Distribution Transformers bid is compatible with this policy. The factories of all of the manufacturers that were bid are either located in the southeast area of the United States or Mexico, so the transportation issues are similar between the bidders.

The price agreement establishes unit prices (with escalation/de-escalation clauses) that are used to replenish EWEB stock. Prices will be reviewed annually and adjusted, if appropriate and justified, to compensate for economic escalation (i.e. cost of living, changes to metal indices) or de-escalation.

Discussion

Historical procurement data suggests that the total contract amount will be approximately \$1,500,000 over the total five-year period. The actual total dollar amount, however, is unknown and may be more or less than that estimated. Purchases will be based on need and not on any specific annual quantity. The annual cost will be within the Board approved amount budgeted for that specific year. The contract will be renewed annually but may be terminated at any time with 30 days written notice to ERMCO if Staff determines it is in EWEB's interest to do so.

Recommendation

Management recommends the approval of the 5 year contract with ERMCO Distribution Transformers c/o their manufacturer's representative, Hees Enterprises, for the periodic purchase of three phase padmounted transformers.

Requested Board Action

Approval of contract. If the Board has any more questions, please contact Mel Damewood @ 541-685-7145 or email at mel.damewood@eweb.org

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new price agreement with **ERMCO Distribution Transformers** for the periodic purchase of Three Phase Padmounted Transformers (as needed to replenish stock).

Board Meeting Date: 4/5/16
Project Name/Contract#: ITB 006-2016
Primary Contact: Mel Damewood Ext. 7145
Purchasing Contact: Ramie Alkire Ext. 7413

| | |
|-------------------------------------|-------------------|
| Action Requested: | |
| <input checked="" type="checkbox"/> | Contract Award |
| <input type="checkbox"/> | Contract Renewal |
| <input type="checkbox"/> | Contract Increase |
| <input type="checkbox"/> | Other |

Contract Amount:
Original Contract Amount: \$ 1,500,000 (over 5 years)
Additional \$ Previously Approved: \$ n/a
Invoices over last approval: \$ n/a
Percentage over last approval: n/a %
Amount this Request: \$ 1,500,000
Resulting Cumulative Total: \$ 1,500,000 (over 5 years)

| | |
|-------------------------------------|-------------|
| Funding Source: | |
| <input checked="" type="checkbox"/> | Budget |
| <input type="checkbox"/> | Reserves |
| <input type="checkbox"/> | New Revenue |
| <input type="checkbox"/> | Bonding |
| <input type="checkbox"/> | Other |

Contracting Method:
Method of Solicitation: Formal Bid
If applicable, basis for exemption: n/a
Term of Agreement: April 5, 2016 – April 4, 2021
Option to Renew? No

| | |
|-------------------------------------|-------------------|
| Form of Contract: | |
| <input type="checkbox"/> | Single Purchase |
| <input type="checkbox"/> | Services |
| <input type="checkbox"/> | Personal Services |
| <input type="checkbox"/> | Construction |
| <input type="checkbox"/> | IGA |
| <input checked="" type="checkbox"/> | Price Agreement |
| <input type="checkbox"/> | Other |

Approval for purchases "as needed" for the life of the contract Yes

Narrative:

The Board is being asked to approve a new price agreement with **ERMCO Distribution Transformers** of Dyersburg, TN for the purchase of Three Phase Padmounted Transformers on an as needed basis.

In February 2016, EWEB issued a formal invitation to bid to establish a price agreement for the purchase of Three Phase Padmounted Transformers. The solicitation was reviewed by 21 companies. Five (5) responses were received; ERMCO Distribution Transformers was determined to be the lowest responsive and responsible bidder. ERMCO will be represented by Hees Enterprises of Astoria, Oregon, a local manufacturer representative.

Responses were received by General Pacific of Portland, Oregon, a distributor who bid Howard Industries transformers, manufactured in Mississippi; HD Supply of Portland, Oregon, a distributor who submitted two bids for: General Electric transformers manufactured in Mexico, and Cooper transformers manufactured in South Carolina; WESCO Distribution, of Portland, Oregon; a distributor who bid ABB transformers manufactured in Missouri; and ERMCO Distribution Transformers, of Dyersburg, Tennessee. ERMCO manufactures their transformers in Tennessee. Orders and Contract management for ERMCO will be through Hees Enterprises of Astoria, Oregon the local manufacturer representative.

Historical procurement data suggests that the total contract amount will be approximately \$1,500,000 over the total five-year period. The actual total dollar amount, however, is unknown and may be more or less than that estimated volume. Purchases will be based on need and not on any specific annual quantity. The annual cost will be within the amount budgeted for that specific year.

If approved, staff will purchase required Three Phase Padmounted Transformers at the established prices over the life of the contract. The contract is for five years.

ACTION REQUESTED:

Management requests the Board approve a new price agreement with **ERMCO Distribution Transformers c/o Hees Enterprises** for the purchase of **Three Phase Padmounted Transformers**. Funds for these purchases were budgeted for 2016 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____