

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an amendment to a contract with **McKenzie Watershed Alliance** for managing timber harvest for logging and related services at the Deer Creek Transmission Line.

Board Meeting Date: July 7, 2020

Project Name/Contract #: **Amendment #1** to Deer Creek Transmission Line Corridor Timber Harvest/ #20-116-SC

Primary Contact: Rod Price Ext. 7122

Contract Amount:

Original Contract Amount: \$ 254,000

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 48.2 %

Amount this Request: \$ 122,500

Resulting Cumulative Total: \$ 376,500

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: EWEB Rule 3-0275 Sole Source

Term of Agreement: One-time purchase

Option to Renew? Yes

Approval for purchases "*as needed*" for the life of the Contract Yes No

Proposals/Bids Received (Range): N/A

Selection Basis: Sole Source

Narrative:

Operational Requirement and Alignment with Strategic Plan

On May 17, 2019, the Federal Energy Regulatory Commission (FERC) issued to the Eugene Water & Electric Board (EWEB) an Operating License for the Carmen-Smith Hydroelectric Project. The license requires EWEB to provide for the relocation of the Deer Creek Valley portion of the 115 kV transmission line out of Deer Creek riparian area and to the southwest, within three years after License issuance.

The timber harvest is scheduled to be managed by McKenzie Watershed Alliance (MWA) for summer 2020. Following the harvest, the Forest Service will be placing the trees in a stream restoration project in Deer Creek. Transmission line relocation is scheduled to begin May 31, 2021 and will be performed by EWEB Electric Operations crews. It is anticipated that McKenzie Watershed Alliance will contract with BCI Contracting, Inc. who had the lowest unit cost and most years of experience, for the timber harvest and stream restoration project.

Contracted Goods or Services

McKenzie Watershed Alliance will manage the logging of the new transmission corridor and hazard tree corridor as required for the Deer Creek Transmission line relocation project.

Prior Contract Activities

The EWEB Board approved the contract on June 2, 2020, in the amount of \$254,000. This dollar amount was negotiated based on an estimate of trees and slash quantities using lidar technology. On June 3 & 4, 2020, MWA's Contractor did a manual count of the trees and slash within the defined logging corridor and found that slash quantities had been underestimated by 40%. Costs were recalculated to reflect the increase in quantities. As a measure of goodwill, MWA did not include the increases in mobilization, project management, or MWA indirect costs resulting from the budget increase. Overall, MWA will receive \$43,030 of the \$376,500, with the contractor, BCI, receiving the remainder.

Purchasing Process

The management services were procured by means of direct negotiation from McKenzie Watershed Alliance as a sole source and the contract was approved by the Board on June 2, 2020.

Competitive Fair Price (If less than 3 responses received)

The McKenzie Watershed Alliance completed a competitive process to select a contractor for the logging activities; the cost of service is a pass-through expense for EWEB.

ACTION REQUESTED:

Management requests the Board approve an amendment to a contract with McKenzie Watershed Alliance for the timber harvest of the new transmission corridor and associated hazard tree corridor. Approximately \$1.1 million was planned for the Deer Creek T-line Relocation in the Carmen – Smith License Deployment Department 2020 budget of \$19 million. Variances will be managed within the budget process and Board policy.