

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Virginia Transformer Corp.** for **Station Class Power Transformers.**

Board Meeting Date: January 3, 2023
Project Name/Contract #: Station Class Power Transformers / 22-099-G
Manager: Tyler Nice Ext. 7419
Executive Officer: Karen Kelley Ext. 7153

Contract Amount:

Original Contract Amount: \$17 million
Additional \$ Previously Approved: \$0
Spend over last approval: \$0
Amount this Request: \$17 million
% Increase over last approval: NA
Resulting Cumulative Total: **\$17 million (over 5 years)**

Contracting Method:

Method of Solicitation: Formal Request for Proposals
If applicable, basis for exemption: NA
Term of Agreement: Initial term is 2 years
Option to Renew? Yes, up to 5 years total
Approval for purchases "as needed": Yes No
Proposals/Bids Received (Range): 4 (\$16,078,000 to \$22,685,800)
Selection Basis: Highest Ranked Proposer with Acceptable Terms

Narrative:

Operational Requirement and Alignment with Strategic Plan

The 2022-2031 Capital Plan includes a focus on substation rebuilds and allowances for an increase in failed unit replacements. This contract was established to support those efforts. Procuring system spares proactively will allow EWEB to respond quickly to emergency replacements of EWEB's aging transformer fleet. A long-term contract will also help keep EWEB insulated from the extended lead times of substation power transformers.

Contracted Goods or Services

If approved, EWEB will purchase three 33 MVA transformers and two 20 MVA transformers to keep as system spares under this contract. This will increase the resiliency of the system by allowing staff to replace substation transformers in the event of failure quicker, reducing equipment downtime and customer impact. The contract allows for the purchase of additional transformers of varying sizes, depending on project needs. With continued renewal of the Contract term, the EWEB team foresees a purchase of 8 additional units over the maximum 5-year period to meet goals in the approved Capital Plan. Contract spend will be \$6.5 million for the 5 transformers during the initial term and foreseeably, additional spend of approximately \$10.5 million for additional units for a potential total spend of approximately \$17 million.

Purchasing Process

In May 2022, staff issued a Request for Proposals (RFP) for station class transformers. The solicitation was advertised on the State of Oregon’s public procurement site, OregonBuys. Four proposals were received from Virginia Transformer, Howard Industries, Waukesha, and Delta Star and three were deemed responsive and responsible. Howard Industries’ proposal was rejected because they failed to submit their minimum qualifications as required by the RFP. Evaluation criteria and points were as follows:

Minimum Qualifications	Pass/No Pass
Compliance with EWEB’s Specifications	50 points
Maintenance	10 points
Client References	20 points
<u>Pricing</u>	<u>20 points</u>
Total	100 points

The proposals were reviewed and scored by the EWEB evaluation team. Based on the above criteria, Waukesha’s proposal earned the highest overall score for solid quality, ability to deliver, and offered some of the lowest prices. Although Virginia Transformer offered a slightly lower price, EWEB is familiar with Waukesha and the contractor has a reputation for quality product, resulting in a top score for Waukesha. In June 2022, the Intent to Award was issued to all proposers, naming Waukesha as the intended awardee. Waukesha has merged with GE-Prolec however, and GE’s terms did not allow for a successful negotiation of terms with EWEB. Unable to agree on terms, an Intent to Award was issued to the next highest ranked proposer, Virginia Transformer, per the rules stated in the RFP.

Lacking direct, recent experience with Virginia Transformer in relation to the purchase of large unit transformers, members of the electric engineering and operations team, along with the Purchasing Analyst for the project, toured the Contractor’s plant in Roanoke, Virginia, reviewing both the production and quality control processes there. All were found to be of acceptable, assuring standards. The Contractor’s team was fully engaged and appeared to be committed to developing the EWEB account. The team further noted that in June 2022, the Contractor delivered two 1500/2000 KVA 3 phase regulators of good quality to EWEB under a previous separate contract, which further demonstrated their capabilities.

Bids Received

Vendor Name	City, State	Offered Price	Ranking (for RFPs)
Waukesha	Goldsboro, NC	\$16,221,713	1
Virginia Transformer	Roanoke, VA	\$16,078,071	2
Delta Star	San Carlos, CA	\$22,685,773	3

Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved Date	Project Duration (Start to Close)	Original Amount	Final Amount	Reason Code
21-190-GS	Two 1500/2000 KVA 3 Phase Substation Regulators	11-2-21	11-4-21 to 6-17-22	\$777,758	\$775,118	
Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other						

ACTION REQUESTED:

Management requests the Board approve a contract with Virginia Transformer Corp for station class power transformers. Spending for the units under this contract is included in project estimates (Type 1 and Type 2 projects), and for allowances for failed in service replacements over the first 5 years of the capital plan (2023-2027 CIP Totaling of \$359M). Due to the inventory management system, spending for these units will not appear in budget reporting until the units are placed in service which will occur yearly commensurate with capital projects in response to failed unit replacement. Variances will be managed within the budget process and Board policy.