
MEMORANDUM

TO: MAYOR JENSEN AND PETERSBURG BOROUGH ASSEMBLY
FROM: KARL HAGERMAN, UTILITY DIRECTOR
SUBJECT: AWARD RECOMMENDATION – BLIND SLOUGH HYDRO EQUIPMENT
PROCUREMENT
DATE: 2/16/2021
CC: STEVE GIESBRECHT, BOROUGH MANAGER
DEBBIE THOMPSON, BOROUGH CLERK
PROJECT FILE

PMPL issued a Request for Proposals (RFP) for the Blind Slough Hydro Equipment Procurement project on March 18, 2020. After an extended solicitation period, PMPL received five (5) timely submitted proposals and one proposal that did not meet the submission deadline. The late proposal was rejected and returned to the Proposer unopened.

The solicitation was successful in its goals and the proposers are well known in the industry for providing equipment for hydroelectric generation facilities. Canyon Industries, Inc., Gilbert Gilkes & Gordon Ltd., Global Hydro Energy GmbH, Mavel Americas Inc. and Voith Hydro Inc. all submitted proposals that were shown to be responsible to the RFP submission requirements. Our Consultant for this project, McMillen Jacobs Associates, led by Don Jarrett, P.E. and Matt Lawson, P.E., assisted PMPL with an evaluation of the submitted materials, which consisted of thousands of pages of material to review in total.

All proposals were evaluated according to the criteria stated in the RFP, which included total proposed price, life cycle energy production, delivery schedule, powerhouse structural modifications to accommodate the proposed equipment, experience of the proposer with equipment of this size and type and past performance of the company.

A breakdown of the offered base pricing is included below for your information:

<u>Proposer</u>	<u>Total price*</u>
Gilkes Hydro	\$2,002,396.00
Canyon Hydro	\$2,600,703.22
Global Hydro	\$2,684,149.00
Mavel Hydro	\$2,767,063.00
Voith Hydro	\$2,792,496.00

*Total price includes the base price offered and any options that were also recommended for award by McMillen Jacobs Associates. i.e. Gilkes base bid \$1,969,028 + Switchgear option B \$33,368 = \$2,002,396.

Attached to this memo is a 10-page Recommendation of Award from McMillen Jacobs. This document compares the offerings from each company, discusses the evaluation factors and indicates the responsiveness of each Proposer to the RFP criteria. An additionally attached

spreadsheet provides an alternate comparison of the offerings from each proposal. After the evaluation was completed, PMPL is in agreement with McMillen Jacobs that the top ranked Proposer is Gilbert Gilkes and Gordon, Ltd. of England (Gilkes). Gilkes had a well-organized and complete proposal, which rose to the top of each evaluation criteria.

In preparation for developing this recommendation for award, talks commenced with Gilkes regarding a desire to negotiate an agreeable contract with high regard to the impacts that the pandemic has made on the progress to secure project funding. A prospective agreement was arrived at with highlights as follows:

- Gilkes has agreed to defer the start of any work on the project until adequate project funding is secured by PMPL and a Notice to Proceed is issued. (Funding is dependent upon receiving Assembly and voter approval of indebtedness to fund the equipment and construction.) While the Borough can cancel the project at any time and for any reason, if funding cannot be secured by October of 2022 the parties will meet to discuss the likely cancelation of the project.
- Gilkes will hold current proposal pricing until a Notice to Proceed is given, with two exceptions noted.
 - As Gilkes is a British company which bid the project under a currency conversion rate in August 2020 and neither party has control over exchange rates between the two countries, a currency conversion allowance was agreed to. If the exchange rate remains within a 10% band (5% above or below) of initial rate on the proposal date, the pricing as presented will be honored. If the exchange rate increases 5-10% above the proposal date value, the contract price will be increased. If the costs rise above a 10% increase, the parties will meet to discuss cancelation or potential project cost savings to reduce the increase to an acceptable amount. If the exchange rate decreases by 5% or more, Gilkes will pass savings along to the Borough.
 - Valuable metals (copper and magnetic steel) market pricing for the generator portion of the proposal will be monitored and an increase of 10% or more in the proportional metals cost to the generator bid item, on the NTP date, will trigger a discussion and potential cancelation of the project. A metals pricing increase up to 10% of the cost of the generator bid item will be accepted by the Borough.
- Agreements were reached on various clarifications to the project technical specifications, including a maximum liquidated damages amount of 20% of the contract price, clarifications in regard to insurance policies and coverages, and acceptance of minor material or equipment specification variations.

Therefore, it is the recommendation of PMPL that the Petersburg Borough Assembly approve the award of the Blind Slough Hydroelectric Equipment Procurement contract to Gilbert Gilkes and Gordon, Ltd. for a contract price of \$2,002,396.00, with limited potential adjustments in accordance with the terms of the Contract.

If the award is authorized by the Assembly, PMPL will execute the Contract with Gilkes through the Manager's office and will then begin work on securing funding required to complete the entire project, including completion of a departmental rate study and research and completion of a bond sale.

Thank you for your consideration.