

Exhibit to Agenda Item #1

Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting

Tuesday, January 8, 2019 scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

Requested Action

Authorize the Chief Executive Officer and General Manager to award contracts for a Distribution Substation Transformer Supply Alliance to Siemens Industry, Inc. and Pennsylvania Transformer Technology, Inc. for a four-year term (with the option for a one year extension) with a total aggregate amount not-to-exceed \$32.4M.

Scope of Proposed Contracts

- Manufacture and delivery of approximately (33) 69,000V/12,000V Distribution Substation Transformers over the next 4-5 years
- Award two contracts with established substation transformer manufactures
 - ✓ Best value for design, quality of manufacturing, timeliness of delivery and customer service
 - ✓ On-going competitive pricing
 - ✓ Protection from potential future tariffs
 - ✓ Diversity in manufacturing location



Procurement Strategy

- Use SMUD's Request for Proposal (RFP) process to ensure best value.
- Previous Solicitations were Bid Request (BR) Low Bid; RFP provides flexibility to negotiate. Newer Strategy for Complex Material Procurements.
- The negotiations resulted in a Best And Final Offer (BAFO) savings of \$3,297,138.

Item	Criteria Description	Weight
1.	EVALUATION #1, SEED	10%
2.	EVALUATION #2, MINIMUM REQUIREMENTS & CONTRACTOR'S QUALIFICATIONS	50%
3.	EVALUATION #3, COMMERCIAL TERMS (PRICE) AND COMPLIANCE WITH CONTRACT TERMS	40%
	Total	100%

Procurement Process and Outreach

- **22** Companies attended the mandatory pre-proposal conference
- **7** Proposals received
 - **3** Responsive Proposers in order of highest to lowest ranking:
 - ✓ Siemens Industry Inc.
 - ✓ Pennsylvania Transformers Technology, Inc.
 - ✓ Virginia Transformer Corp.
 - **4** Non-Responsive Proposers were received:
 - ✓ ILJIN Electric USA
 - ✓ Pasco Daewoo
 - ✓ Waukesha Electric/SPX
 - ✓ Howard Industries.

RFP Evaluation Summary

RFP NO. 180201.DP								
DISTRIBUTION SUBSTATION POWER TRANSFORMER ALLIANCE 4-YEAR CONTRACT WITH 1-YEAR OPTIONAL EXTENSION								
Responsive Proposals Received	Rank	SEED Points	Technical Points	Price Points	Total Score	Proposal Amount (Year 1-4)	Additional Option Year (Year 5)	Proposed Aggregate Award Amount Not To Exceed*
		10 Points	50 Points	40 Points	100 Points			
SIEMENS INDUSTRIES/HONN	1	0	45.33	40.00	85.33	\$22,870,231.00	\$6,226,215	\$32,400,000.00
PENNSYLVANIA TRANSFORMER	2	0	47.00	32.65	79.65	\$24,124,408.00	\$6,591,031	
VIRGINIA TRANSFORMER	3	0	40.00	36.63	76.63	\$21,414,340.00		
*Includes an annual estimate for price increase of 3% each year								

Non-responsive Proposals Received	Comments
ILJIN Electric, Pasco Daewoo	Technically Non-Responsive
Waukesha Electric/SPX, Howard Industries	

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