

Exhibit to Agenda Item # 3

Approve an increase to the aggregate contract not-to-exceed amount for gas pipeline professional engineering services by \$3 million, from \$2 million to \$5 million, for Contract No. 4500113214 with **Alisto Engineering Group** and Contract No. 4500113213 with **Gas Transmission Systems, Inc.**

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, July 13, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Background

Professional Engineering Services contracts supplement SMUD staff and capabilities. The Gas Pipeline Professional Engineering Services contracts provide the following:

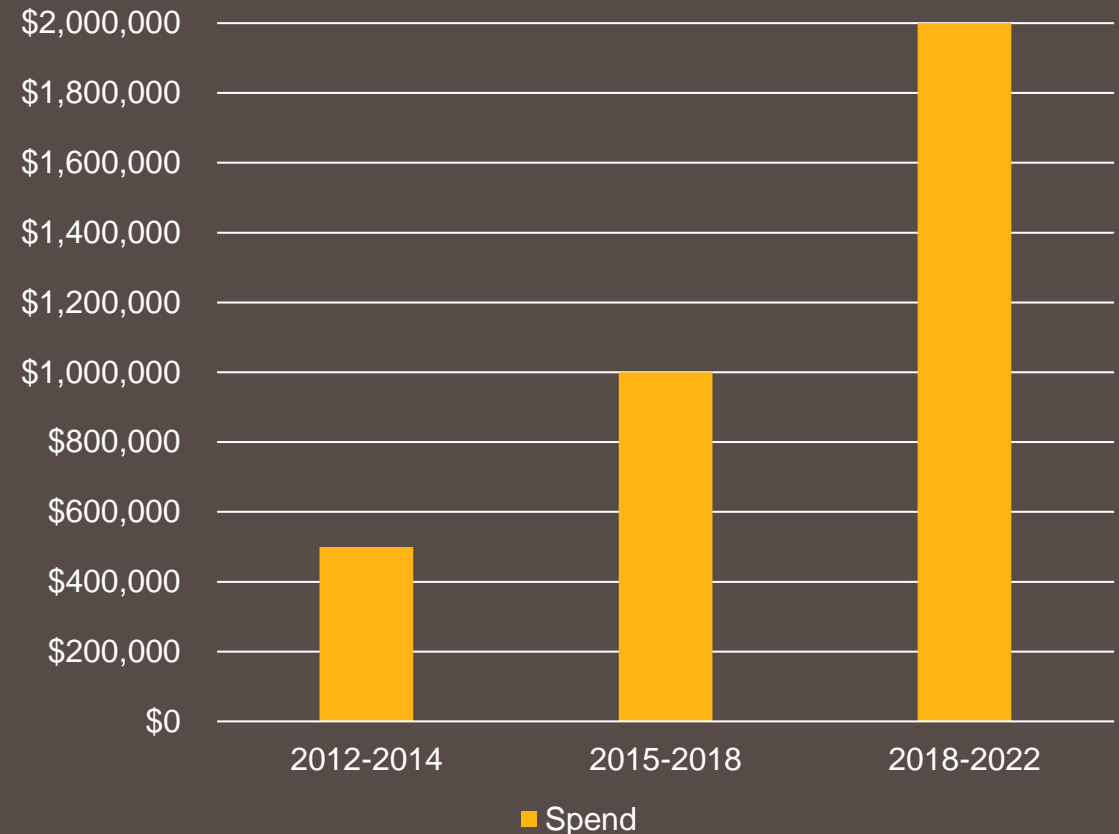
- Assures suitable resources and industry experts are available for ensuring pipeline safety under the Federal Department of Transportation (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) rules
- Provides added engineering expertise and resources to perform specialty studies that improve equipment safety and operational efficiencies
- Allows SMUD to maintain a core staff of engineering professionals, which can be supplemented when workload increases
- Advances staff knowledge and the ability to consult with gas pipeline industry experts in several engineering disciplines

Contracting history

SMUD Supply Chain Services awarded sets of Gas Pipeline Professional Engineering Services contracts most recently in 2012, 2015 and 2018. The rate of spending is now greater than in the past. In addition to normal operations and maintenance support, accelerated spending on the current contracts awarded in 2018 are due in part to:

- Design and installation of two gas pipeline interconnections for SMUD electricity customers on behalf of another utility – SMUD fully reimbursed
- PHMSA implementation of the July 2020 “Mega Rule” requiring more detailed material verification and extensive documentation enhancements
- Performance of flow studies that enable the most efficient use of the commodity and reduce methane emissions during pipeline outages.

Gas Pipeline Engineering Professional Services



SEED commitment

RFP 180180.SB- Gas Pipeline Professional Engineering Services										
Responsive Proposals Received	P/F	10 Points SEED	50 Points Technical Evaluation	40 Points Pricing Evaluation	Total Score	Rank	Proposal Amount	SEED CREDIT	Evaluated Proposal Amount	Proposed Award Amount
GAS TRANSMISSION SYSTEMS, INC	P	10.00	28.57	24.98	63.55	1	\$1,248,960	\$52,445	\$1,196,515	NTE \$2,000,000 Aggregate of all Task Authorizations
ALISTO ENGINEERING GROUP	P	10.00	21.58	30.00	61.58	2	\$1,048,900	\$52,445	\$996,455	
CORDOBA CORPORATION	P	10.00	20.50	29.43	59.93	3	\$1,068,160	\$52,445	\$1,015,715	
MOTT MACDONALD, LLC	P	10.00	7.08	27.09	44.17	4	\$1,156,100	\$52,445	\$1,103,655	

SEED subcontracting

- Originally GTS and Alisto committed 20% of their proposal to SEED through subcontracting.
- Subcontracting categories within the proposals included; Transmission Pipeline Design, Metering & Regulation Station Design, Electrical I&C Engineering, Surveying.
- The group funding contracts are less than \$1M individually so we do not track SEED compliance currently
- With this contract change we will require SEED compliance reporting going forward.

Future Work

The following activities are anticipated during the remaining contract period:

- Evaluation of pipeline segment properties for blending or conversion to alternative fuels that support the 2030 Zero Carbon Goal
- Continuation of material verification under the Mega Rule and digitization of baseline data into GIS that aligns with electronic documentation operational excellence maintenance practices
- Ensure sufficient services and resources are available to respond to situations and scenarios under 49 CFR 192 PHMSA regulations

The two contractors are currently recognized in the gas pipeline industry with favorable reputations.

