

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

Date: Tuesday, October 15, 2024

Time: Scheduled to begin at 6:00 p.m.

Location: SMUD Headquarters Building, Auditorium
6201 S Street, Sacramento, CA

Powering forward. Together.



AGENDA

BOARD FINANCE & AUDIT COMMITTEE MEETING AND SPECIAL SMUD BOARD OF DIRECTORS MEETING

Tuesday, October 15, 2024
SMUD Headquarters Building, Auditorium
6201 S Street, Sacramento, California
Scheduled to begin at 6:00 p.m.

This Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in the discussions, but no Board action will be taken. The Finance & Audit Committee will review, discuss and provide the Committee's recommendation on the agenda items.

Virtual Viewing or Attendance:

Live video streams (view-only) and indexed archives of meetings are available at:
http://smud.granicus.com/ViewPublisher.php?view_id=16

Zoom Webinar Link: [Join Board Finance & Audit Committee Meeting Here](#)

Webinar/Meeting ID: 160 234 9794

Passcode: 328497

Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)

Verbal Public Comment:

Members of the public may provide verbal public comment by:

- Completing a sign-up form at the table outside of the meeting room and giving it to SMUD Security.
- Using the "Raise Hand" feature in Zoom (or pressing *9 while dialed into the telephone/toll-free number) during the meeting at the time public comment is called. Microphones will be enabled for virtual or telephonic attendees when the commenter's name is announced.

Written Public Comment:

Members of the public may provide written public comment on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via email to PublicComment@smud.org or by mailing or bringing physical copies to the meeting. Email is not monitored during the meeting. Comments will not be read into the record but will be provided to the Board and placed into the record of the meeting if received within two hours after the meeting ends.

DISCUSSION ITEMS

1. Lucas Raley
Discuss authorization of the Chief Executive Officer and General Manager to negotiate and award contracts to **Hot Line Construction, Inc.** and **Mountain G Enterprises Inc.** for General Line Construction and Pole Replacement Services for a period of three years from November 1, 2024, to November 1, 2027, with two optional one-year extensions, for a total not-to-exceed aggregate amount of \$250 million.
Presentation: 7 minutes
Discussion: 5 minutes
2. Lucas Raley
Discuss authorization of the Chief Executive Officer and General Manager to negotiate and award contracts to **Lund Construction Co.** and **Hylan West, Inc.** for Cable Replacement Construction Services for a period of three years from November 1, 2024, to November 1, 2027, with two optional one-year extensions, for a total not-to-exceed aggregate amount of \$75 million.
Presentation: 7 minutes
Discussion: 5 minutes
3. Rosanna Herber
Discuss approval of Contract Change No. 7 to Contract No. 4500057661 with **Leading Resources, Inc.** to extend the contract expiration date from December 31, 2024, to December 31, 2027, to allow for continuity of consulting support for the SMUD Board of Directors.
Discussion: 5 minutes

INFORMATIONAL ITEMS

4. Public Comment.
5. Rob Kerth
Summary of Committee Direction.
Discussion: 1 minute

Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.

Members of the public wishing to inspect public documents related to agenda items may click on the Information Packet link for this meeting on the smud.org website or may call 1-916-732-7143 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.

ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email Toni.Stelling@smud.org, or contact by phone at 1-916-732-7143, no later than 48 hours before this meeting.

SSS No. SCS 24-277

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 10/15/24
Board Meeting Date October 17, 2024

TO	TO
1. Casey Fallon	6. Jose Bodipo-Memba
2. Lucas Raley	7.
3. Frankie McDermott	8.
4. Lora Anguay	9. Legal
5. Scott Martin	10. CEO & General Manager

Consent Calendar	X	Yes	<i>No If no, schedule a dry run presentation.</i>	Budgeted	X	Yes	<i>No (If no, explain in Cost/Budgeted section.)</i>
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FROM (IPR) Katherine Manne	DEPARTMENT Procurement	MAIL STOP EA404	EXT. 6175	DATE SENT 9/18/24
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NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager to negotiate and award contracts to Hot Line Construction, Inc. (Hot Line) and Mountain G Enterprises Inc. (MGE) for General Line Construction and Pole Replacement Services for a period of three years from November 1, 2024, to November 1, 2027, with two optional one-year extensions, for a total not-to-exceed aggregate amount of \$250 million.

Summary: Request for Proposals No. Doc4585979980 (RFP) was issued in June 2024 to solicit qualified firms to provide general line construction and pole replacement services. A pre-proposal conference was held on June 26, 2024. On July 18, 2024, 15 proposals were received. An initial evaluation was conducted to assess whether the proposals received, including pricing and other factors, were fair and reasonable. Eight of the 15 proposals were rejected by SMUD in accordance with RFP Section No. 5 – Proposal Evaluation Criteria, as they were found to contain unfair and unreasonable pricing, and/or exceptions to SMUD contractual terms and conditions. Seven proposals were found to be commercially viable and were evaluated in accordance with the advertised criteria. Of the seven proposals received, six were responsive.

SMUD initiated negotiations with top-ranked proposers which resulted in a price reduction of ~1.5% to overall pricing from Hot Line’s proposal, and ~1.4% to overall pricing from MGE’s proposal. The final pricing from Hot Line and MGE is highly competitive, as the final proposal pricing of \$90.7 million and \$95.9 million, respectively, represent significant reductions from the budgeted spend of \$250 million. Coupled with their technical score, this supports the recommendation to award contracts to the two highest rated proposers. Awarding two zero-dollar contracts with an aggregate amount of all tasks not-to-exceed \$250,000,000 for five years gives the business unit flexibility and mitigates the risk of work disruption. The result of the evaluation and award recommendations are shown below.

Recommendation: Award the 2 Highest Evaluated Responsive Proposers.

Award to:

Hot Line Construction, Inc.	Mountain G Enterprises Inc.
9020 Brentwood Blvd. Ste. H	950 Iron Point Rd., Ste. 250
Brentwood, CA 94513	Folsom, CA 95630

<u>Proposers Notified by Procurement:</u>	89
<u>Proposers Downloaded:</u>	27
<u>Pre-Proposal Conference Attendance:</u>	15
<u>Proposals Received:</u>	15

Responsive Proposals Received	P/F	SEED Points	Technical Points	Price Points	Total Score	Rank	Proposal Amount	Evaluated Proposal Amount	Proposed Award Amount
		10	33	57	100				
Hot Line Construction Inc.	P	5.04	31.75	57.00	93.79	1	\$90,713,829.45	\$90,463,829.45	Not-to-Exceed \$250,000,000 Aggregate Amount of all Task Authorizations
Mountain G. Enterprises Inc.	P	5.30	30.25	53.75	89.30	2	\$96,187,667.41	\$95,937,667.41	
Sturgeon Electric California LLC	P	10.00	27.58	41.71	79.30	3	\$123,861,272.41	\$123,611,272.41	
PAR Western Line Contractors, LLC	P	0.33	29.25	45.90	75.48	4	\$112,366,475.79	\$112,329,394.85	
Summit Line Construction	P	7.00	22.25	45.60	74.85	5	\$113,320,941.21	\$113,070,941.21	
Asplundh Construction LLC	P	0.93	29.25	43.84	74.02	6	\$117,740,981.52	\$117,631,482.41	

Non-Responsive Proposals Received	Proposal Amount
Teichert Line Services	\$112,239,130.00

Comments: Proposer did not pass Pass/Fail Requirements, Question 6.12.1H.

Supplier Diversity Program: Hot Line proposed to self-perform ~88.7% of the work and will subcontract ~10.1% to Supplier Education & Economic Development (SEED) verified subcontractors, and ~1.3% to non-SEED subcontractors. MGE proposed to self-perform ~88.2% of the work, and will subcontract ~10.6% to SEED verified subcontractors, and ~1.2% to non-SEED subcontractors.

Board Policy: Board-Staff Linkage BL-8; Delegation to the CEO with Respect to Procurement; Strategic Direction SD-4, Reliability; Strategic Direction SD-6, Safety Leadership; Strategic Direction SD-13, Economic Development.

Benefits: Award will provide SMUD with two qualified contractors to execute general line construction and pole replacement services.

Cost/Budgeted: \$250,000,000; Budgeted for 2024 through 2029 by Grid Assets.

Alternatives: Negotiate current contracts with incumbent contractors for an extended term, and risk less competitive pricing.

Affected Parties: Grid Assets, Supply Chain Services, and Contractors.

Coordination: Grid Assets and Supply Chain Services.

Presenter: Lucas Raley, Director, Line Assets

Additional Links:

SUBJECT

Award General Line Construction & Pole Replacement Services Contracts

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. SCS 24-266

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 10/15/24
Board Meeting Date October 17, 2024

TO	TO
1. Casey Fallon	6. Jose Bodipo-Memba
2. Lucas Raley	7.
3. Frankie McDermott	8.
4. Lora Anguay	9. Legal
5. Scott Martin	10. CEO & General Manager

Consent Calendar	X	Yes	No <i>If no, schedule a dry run presentation.</i>	Budgeted	X	Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>
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FROM (IPR) Katherine Manne	DEPARTMENT Procurement	MAIL STOP EA404	EXT. 6175	DATE SENT 9/13/24
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NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager to negotiate and award contracts to Lund Construction Co. (Lund) and Hylan West, Inc. (Hylan) for Cable Replacement Construction Services for a period of three years from November 1, 2024, to November 1, 2027, with two optional one-year extensions, for a total not-to-exceed aggregate amount of \$75 million.

Summary: Request for Proposals No. Doc4563653337 (RFP) was issued in May 2024 to solicit qualified firms to provide cable replacement construction services. A pre-proposal conference was held on May 29, 2024. On July 15, 2024, seven proposals were received and evaluated in accordance with the advertised criteria. Of the seven proposals received, six were responsive. SMUD initiated negotiations with top-ranked proposers which resulted in favorable pricing for SMUD. The final pricing from Lund and Hylan is highly competitive, and, coupled with their technical score, this supports the recommendation to award contracts to the two highest rated proposers. Awarding two zero-dollar contracts with an aggregate amount of all tasks not-to-exceed \$75 million for three years gives the business unit flexibility and mitigates the risk of work disruption. The result of the evaluation and award recommendations are shown below.

Recommendation: Award the 2 Highest Evaluated Responsive Proposers.

Award to:

Lund Construction Co.	Hylan West, Inc.
5302 Roseville Road	511 Harbor Blvd., Ste. E
North Highlands, CA 95660	West Sacramento, CA 95691

Proposers Notified by Procurement: 45

Proposers Downloaded: 17

Pre-Proposal Conference Attendance: 7

Proposals Received: 7

Responsive Proposals Received	P/F	SEED Points	Technical Points	Price Points	Total Score	Rank	Proposal Amount	Evaluated Proposal Amount	Proposed Award Amount
		10	43	47	100				
Lund Construction Co.	P	10.00	39.50	47.00	96.50	1	\$72,452,250.00	\$72,202,250.00	Not-to-Exceed \$75,000,000 Aggregate Amount of all Task Authorizations
Hylan West, Inc.	P	10.00	29.50	42.38	81.88	2	\$80,319,165.45	\$80,069,165.45	
Arrow Construction	P	10.00	39.67	30.72	80.39	3	\$110,701,720.00	\$110,451,720.00	
Teichert Utilities	P	2.83	33.50	28.46	64.78	4	\$119,501,030.00	\$119,251,030.00	
MP Nexlevel of California, Inc.	P	0.36	34.25	24.40	59.01	5	\$139,120,794.67	\$139,071,406.79	
Underground Construction Company, Inc.	P	10.00	30.25	16.11	56.36	6	\$210,864,800.86	\$210,614,800.86	

Non-Responsive Proposals Received	Proposal Amount
Veteran Power, Inc.	\$119,925,256.52

Comments: Veteran Power, Inc. did not achieve an evaluated score of a minimum of 29 of the possible 43 points available in Technical Evaluation Criteria Sections, a caveat to advance to have commercial evaluation.

Supplier Diversity Program: Lund proposed to self-perform ~70% of the work and will subcontract ~20% to Supplier Education & Economic Diversity (SEED) verified subcontractors, and ~10% to non-SEED subcontractors. Hylan proposed to self-perform ~79% of the work and will subcontract ~21% to SEED verified subcontractors.

Board Policy: Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement; Strategic Direction SD-4, Reliability; Strategic Direction SD-6, Safety Leadership; Strategic Direction SD-13, Economic Development.
(Number & Title)

Benefits: Award will provide SMUD with two qualified contractors to execute cable replacement construction.

Cost/Budgeted: \$75,000,000; Budgeted for 2024 through 2029 by Grid Assets.

Alternatives: Negotiate current contracts with incumbent contractors for an extended term, and risk less competitive pricing.

Affected Parties: Grid Assets, Supply Chain Services, and Contractors.

Coordination: Grid Assets and Supply Chain Services.

Presenter: Lucas Raley, Director, Line Assets

Additional Links:

SUBJECT

Award Cable Replacement Construction Contracts

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No.
BOD 2024-018

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – October 15, 2024
Board Meeting Date
October 17, 2024

TO					TO							
1.	Scott Martin				6.							
2.	Lora Anguay				7.							
3.	Jose Bodipo-Memba				8.							
4.					9.	Legal						
5.					10.	CEO & General Manager						
Consent Calendar		<input checked="" type="checkbox"/>	Yes		No		<i>If no, schedule a dry run presentation.</i>					
Budgeted		<input type="checkbox"/>	Yes		No <i>(If no, explain in Cost/Budgeted section.)</i>							
FROM (IPR) Rosanna Herber / Crystal Henderson					DEPARTMENT Board Office					MAIL STOP B307	EXT. 6155	DATE SENT 09/18/24

NARRATIVE:

Requested Action: Approve Contract Change No. 7 to Contract No. 4500057661 with Leading Resources, Inc. to extend the contract expiration date from December 31, 2024, to December 31, 2027, to allow for continuity of consulting support for the SMUD Board.

Summary: This contract was awarded on a competitive basis to Leading Resources, Inc. in January 2009 pursuant to Board Resolution No. 08-12-19. The original contract was awarded for the period from January 1, 2009, to December 31, 2011, for a not-to-exceed amount of \$200,000. Board Resolution No. 11-12-16 approved Contract Change No. 1 to extend the contract expiration date to December 31, 2012, and increased the contract amount by \$60,000, for a new not-to-exceed amount of \$260,000. Board Resolution No. 12-10-06 approved Contract Change No. 2 to extend the contract expiration date to December 31, 2013. Board Resolution No. 13-11-04 approved Contract Change No. 3 to extend the contract expiration date to December 31, 2015. Board Resolution No. 15-09-02 approved Contract Change No. 4 to extend the contract expiration date to December 31, 2018. Board Resolution No. 18-12-17 approved Contract Change No. 5 to extend the contract expiration date to December 31, 2021, and to increase the contract amount by \$400,00, for a new not-to-exceed amount of \$660,000, to allow for continuity of consulting support for Board Strategic Directives. Board Resolution No. 21-11-02 Contract Change No. 6 to extend the expiration date by three years from December 31, 2021, to December 31, 2024. Requesting the Board to approve Contract Change No. 7. to extend the contract expiration date from December 31, 2024, to December 31, 2027, to allow for continuity of consulting support for the SMUD Board.

Currently, the contract balance is approximately \$252,324.

Contract Actions	Amount	Cumulative Amount	Description
Original Contract	\$200,000	\$200,000	Original Award
Change No. 01	\$60,000	\$260,000	Extended and increased
Change No. 02	\$0	\$260,000	Extended
Change No. 03	\$0	\$260,000	Extended
Change No. 04	\$0	\$260,000	Extended
Change No. 05	\$400,000	\$660,000	Extended and increased
Change No. 06	\$0	\$660,000	Extended
Pending Change No. 07	\$0	\$660,000	Extends
Total Revised Contract	\$660,000	\$660,000	

Board Policy: Governance Process GP-3, Board Job Description subsection j) Take such other actions as may be required by law.
(Number & Title)

Benefits: Allows the Board to continue to realize the benefits of Leading Resources, Inc.’s expertise which is also informed by previous consulting work on SMUD Strategic Directives.

Cost/Budgeted: No increase.

Alternatives: Release a new competitive solicitation; however, there is a risk of lapse in consulting services during the solicitation process.

Affected Parties: Board President and CEO/GM

Coordination: Crystal Henderson, Special Assistant to the Board of Directors

Presenter: Rosanna Herber, SMUD Board President

Additional Links:

SUBJECT

Leading Resources Inc. Contract Extension

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. BOD 2024-009

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date FINANCE & AUDIT – 2024
Board Meeting Date N/A

TO				TO			
1.	Scott Martin	6.					
2.	Lora Anguay	7.					
3.	Jose Bodipo-Memba	8.					
4.		9.	Legal				
5.		10.	CEO & General Manager				
Consent Calendar		<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	<i>If no, schedule a dry run presentation.</i>	
FROM (IPR)		DEPARTMENT		MAIL STOP	EXT.	DATE SENT	
Rob Kerth / Crystal Henderson		Board Office		B307	5424	12/21/23	

NARRATIVE:

Requested Action: A summary of directives is provided to staff during the committee meeting.

Summary: The Board requested an ongoing opportunity to do a wrap up period at the end of each committee meeting to summarize various Board member suggestions and requests that were made at the meeting to make clear the will of the Board. The Finance & Audit Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.

Board Policy: Governance Process GP-4, Board/Committee Work Plan and Agenda Planning, states, among other things, “the Board will develop and follow an annual work plan that ensures the Board...focuses on the results the Board wants the organization to achieve....”

Benefits: Having an agendized opportunity to summarize the Board’s requests and suggestions that arise during the committee meeting will help clarify the will of the Board.

Cost/Budgeted: Included in budget.

Alternatives: Not to summarize the Board’s requests at this meeting.

Affected Parties: Board of Directors and Executive Staff

Coordination: Crystal Henderson, Special Assistant to the Board of Directors

Presenter: Rob Kerth, Finance & Audit Committee Chair

Additional Links:

SUBJECT Summary of Committee Direction – Finance & Audit	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.