Exhibit to Agenda Item #2

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

Tuesday, August 13, 2019 scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

Powering forward. Together.
Requested action

Authorize the Chief Executive Officer and General Manager to award a completed Contract to Drill Tech Drilling & Shoring to complete the White Rock Tunnel bolt augmentation, rocktrap rebuild, and debris removal. Construction will be completed over a three (3) year period, with a total aggregate value of $17,542,088. Contract term will be September 1, 2019 to December 31, 2021.
SMUD inspected the White Rock Tunnel in winter 2017/2018 following unwatering for the South Fork Powerhouse Project.

The inspection discovered:

• Support structure at end of life,
  – Rock Bolts corroded and failing
  – Exposed weak rock adjacent to previously lined shotcrete.
• Areas of moderate rockfall affecting operations,
• Damaged Rock Trap with sediment buildup

SMUD has obtained an Owners Engineer specializing in tunnel construction to support the construction schedule and minimize costs.
Examples

Top: Example of debris field discovered during tunnel inspection
Bottom: Failed rock bolts in rockfall.

Top: Failed rock bolt hanging from tunnel ceiling.
Bottom: Recovered rock bolts

Top: Large rockfall section, approximately 8-9’ high.
Scope of proposed contract

The project consists of multiple components, including:

• Debris cleanup
• Support structure augmentation
  – Install approx. 21,000 anchor bolts
  – Install approximately 5,600 cu. yards shotcrete.
• Rocktrap repairs
  – Remove debris, demo damaged steel structure and replace in kind.

All work will be performed under CalOSHA Tunnel Safety Orders. All required ventilation, lighting, communication and mandatory rescue teams are included within proposed Contract.
Procurement strategy

- Request for proposal (RFP) to ensure best value
- Complex construction and environmental scope
- Focused on contractor and proposed team
- Ensured adequate proposer planning
- Process emphasized importance of schedule
- Cost plus profit, overhead, and contingency

<table>
<thead>
<tr>
<th>RFP Evaluation</th>
<th>100%</th>
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<tbody>
<tr>
<td>SEED</td>
<td>10%</td>
</tr>
<tr>
<td>Contractor Experience</td>
<td>15%</td>
</tr>
<tr>
<td>Project Team Experience</td>
<td>5%</td>
</tr>
<tr>
<td>Project Schedule</td>
<td>10%</td>
</tr>
<tr>
<td>Approach to Project</td>
<td>15%</td>
</tr>
<tr>
<td>Safety &amp; Environmental</td>
<td>5%</td>
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<tr>
<td>Commercial Terms</td>
<td>40%</td>
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Safety was a key component in all technical evaluation components and makes up higher than 5%. Safety & Environmental 5% component above is Key statistics from OSHA.
**Award outcome**

<table>
<thead>
<tr>
<th>RFP NO. 190050.DM</th>
<th>Upper American River Project White Rock Tunnel Augmentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsive Proposals Received</td>
<td>Pass/Fail</td>
</tr>
<tr>
<td>Drill Tech</td>
<td>Passed</td>
</tr>
<tr>
<td>SMCI/Obayashi JV</td>
<td>Passed</td>
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<tr>
<td>Shimmick Construction</td>
<td>Passed</td>
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- Eleven companies attended the pre-proposal conference
- Three proposals were received
- All received proposals were responsive
Aligning with SMUD Strategic Directives

• **SD-4 Reliability** - White Rock Tunnel is a critical component providing approximately 1/3 of SMUD’s hydro generation capacity. Loss of tunnel support during aggressive summer use would be catastrophic to meeting peak demand.

• **SD-7 Environmental Leadership** - White Rock Powerhouse is SMUD’s largest on-demand carbon neutral generation facility and a key component to SMUD’s Integrated Resource Plan.
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