



MEMORANDUM

TO: SLDMWA Water Resources Committee Members, Alternates
SLDMWA Finance & Administration Committee Members, Alternates
SLDMWA Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer
Jaime McNeil, Engineering Manager

DATE: May 1, 2023

RE: Water Resources Committee and Finance & Administration Committee to Consider Recommending, Board of Directors to Consider Adopting Resolution Authorizing Award of Contract, Execution of Construction Agreement for O'Neill Pumping-Generating Plant Power Transformers Rehabilitation, and Expenditure of up to \$3.2M from the FY22 and FY23 EO&M Budgets; CEQA Exemption

BACKGROUND

The O'Neill Pumping-Generating Plant (Plant) is a vital part of the Central Valley Project as it allows for the storage and delivery of both project and non-project water. The power transformers have been in service since 1968. A 2019 condition assessment and value engineering study determined that the transformers are at the end of their useful life and are recommended for rehabilitation prior to replacement. The best short-term approach for extending the operating life of the transformers is the combination of rehabilitation and retrofill with synthetic ester fluid. Because unacceptable quantities of acid were found via oil analysis since 2019, an emergency hot oil reconditioning was performed in 2020 to ensure the transformers remained eligible for rehabilitation. The hot oil reconditioning was successful in prolonging the life of the transformers, providing time to properly design, solicit, and complete the rehabilitation efforts. It is unknown how much time is extended with the hot oil reconditioning, and any further delays to the rehabilitation project could result in a transformer requiring a full replacement at a significant cost and an extended plant outage. Reclamation's Technical Services Center (TSC) completed the Technical Design Specifications for the rehabilitation, and will also be utilized for construction technical support. Specifically, during construction, TSC will provide engineering support, supervise field tests, and finalize drawings through a Letter of Agreement between Reclamation and the Water Authority.

The Plant is fed via a PG&E 70 kV line, through a WAPA circuit breaker to three (3) Single-Phase Transformers. There are four (4) transformers total, each one a 10 MVA, 72.5/4.16 kV single-phase transformer, with one (1) serving as a spare. These are original transformers from 1968, and the spare transformer has never been placed into service. All four (4) transformers will be included in the construction contract for rehabilitation. The work will include rehabilitating the three (3) in-service

power transformers during a full plant outage of approximately 45 days and rehabilitating one (1) spare transformer while the plant remains operable. All transformers will be retrofilled with synthetic ester fluid. The rehabilitation includes new gaskets, low side and neutral bushings, valves, liquid level gauges, thermowells and temperature gauges, paint, oil preservation system (conservator), fans and temperature controls, protective relay upgrade, and hazardous waste disposal.

Last year, the Water Authority solicited for the rehabilitation project and received one proposal. In August 2022, the Water Resources and Finance & Administration Committees recommended, and the Board adopted Resolution No. 2022-507 authorizing award of contract pending successful negotiation on technical aspects of the proposal. However, negotiations were ultimately unsuccessful, and the proposer withdrew their proposal.

On January 3, 2023 the contract was resolicited, and the Water Authority received one proposal from Cal Electro Inc. (CEI). The proposal included all documents as required per the solicitation. During the evaluation phase, evaluators requested a few clarifications regarding the proposal. After obtaining clarifications from CEI, the Technical Proposal Evaluation Committee (TPEC) evaluated the proposal and its clarifications, and CEI received a passing score of 724/800 (90%).

ISSUE FOR DECISION

Whether to adopt the proposed Resolution Authorizing Award of Contract, Execution of Construction Agreement to Cal Electro for O’Neill Pumping-Generating Plant Main Transformer Rehabilitations, and Expenditure of up to \$3.2M from the FY22 and FY23 EO&M Budgets and CEQA Exemption.

RECOMMENDATION

Staff recommends adoption of the proposed resolution.

RFP PROCESS & DETAILS

The Water Authority formally solicited for sealed proposals to provide all labor, equipment and services for the rehabilitation of four (4) single phase power transformers at the O’Neill Pumping-Generating Plant with the following critical dates:

January 3, 2023	Formal Solicitation released
January 31, 2023	Mandatory Pre-Proposal Conference/ Site Visit
February 14, 2023	Last day to submit questions
February 28, 2023	Deadline for responses to questions
March 16, 2023	Proposals Due
March 20 – March 24, 2023	Proposal Evaluation
March 27, 2023	Additional Questions/Clarifications requested from CEI
March 31, 2023	Revised Proposal Due
April 3 – April 7, 2023	Revised Proposal Evaluation

In FY23, a Request for Information (RFI) was posted on Public Purchase in December 2022 in an effort

to reach more contractors. The RFI resulted with twenty-one (21) interested contractors. The Request for Proposal (RFP) was then publicly posted on Public Purchase and several newspapers on January 3, 2023. The newspapers included: San Francisco Chronicle, Sacramento Bee, Modesto Bee, and Tracy Press. In addition, the RFP was sent directly to the twenty-one (21) interested contractors from the RFI. Ten (10) contractors attended the Mandatory Pre-Proposal Conference and Site Visit. Only one proposal was submitted, by CEI. CEI's proposal was accepted by the TPEC on April 7, 2023. The Notice of Intent to Award was transmitted to CEI on April 14, 2023.

Authorizing execution of this Construction Agreement is for the rehabilitation of an existing facility involving negligible expansion of the existing use and will not result in a direct change in the environment or a reasonably foreseeable indirect change to the environment and shall, therefore, be exempt from the provision of the California Environmental Quality Act per CEQA Guidelines Sections 15301(a)(b) and(d).

Note: The Operations Plan reviewed by the Water Resources Committee and approved by the Board of Directors in August 2022 (with an outage the following year in March/April) has been altered. The new proposed Operations Plan associated with the requested contract award will be reviewed with the Water Resources Committee and Board.

BUDGET IMPLICATIONS

The proposed expenditure of up to \$3.2M will be funded utilizing budgeted funds from Fiscal Year 2022 and 2023 EO&M budgets. \$1.66M will be funded from FY22, and \$1.54M from FY23.

ATTACHMENTS

1. Proposed Resolution
2. Draft Construction Agreement
3. Notice of Intent to Award

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2023-__

RESOLUTION AUTHORIZING AWARD OF CONTRACT, EXECUTION OF CONSTRUCTION AGREEMENT FOR O'NEILL PUMPING-GENERATING PLANT POWER TRANSFORMER REHABILITATION, AND EXPENDITURE OF UP TO \$3.2M FROM THE FY22 AND FY23 EO&M BUDGETS; CEQA EXEMPTION

WHEREAS, the San Luis & Delta-Mendota Water Authority (Water Authority) is responsible for operating and maintaining O'Neill Pumping-Generating Plant; and

WHEREAS, the power transformers have been in service since 1968 (55 years) and a 2019 Condition Assessment and 2019 Value Engineering Study was performed by U.S. Bureau of Reclamation determined they are at the end of their useful life and are recommended for rehabilitation; and

WHEREAS, a Hot Oil Reconditioning was completed in 2020 to ensure the transformers remained eligible for Rehabilitation; and

WHEREAS, a delay in rehabilitating the transformers could render them ineligible for rehabilitation thereby requiring a full replacement, putting the reliability of the O'Neill Pumping-Generating Plant in jeopardy; and

WHEREAS, on August 4, 2022, the Board of Directors authorized Water Authority staff to negotiate and execute a contract with North American Substation Services, LLC (NASS) following competitive solicitation, but the Water Authority was unable to negotiate acceptable terms for a contract for the work and NASS withdrew its proposal; and

WHEREAS, the Water Authority re-solicited proposals for the O'Neill Pumping-Generating Plant Power Transformers Rehabilitation received one Proposal from Cal Electro Inc. (CEI) for the cost of \$3,155,800, which is less than the cost previously bid by NASS; and

WHEREAS, CEI has demonstrated the ability to complete the scope of work listed in the Contract Documents; and

WHEREAS, the onsite work will begin January 2024 until May 2024, with the anticipated plant outage occurring during April and May 2024; and

WHEREAS, inspections, procurement of long lead items, and submittals necessitate the early issuance of this Construction Agreement; and

WHEREAS, Section 1.1. of the Water Authority’s Consolidated Procurement Policy, adopted by Resolution on April 10, 2020, requires the Board to specifically authorize contracts greater than \$200,000; and

WHEREAS, the O’Neill Pumping-Generating Plant Power Transformer Rehabilitations Construction Contract will be funded utilizing up to \$1.66M in Fiscal Year (FY) 2022 Extraordinary Operation and Maintenance (EO&M) budget funds and \$1.54M in FY 2023 EO&M budget funds; and

WHEREAS, authorizing execution of this Construction Agreement is for the rehabilitation of an existing facility involving negligible expansion of the existing use and will not result in a direct change in the environment or a reasonably foreseeable indirect change to the environment and shall, therefore, be exempt from the provision of the California Environmental Quality Act per CEQA Guidelines Sections 15301(a)(b) and(d); and

WHEREAS, Water Authority staff recommends that the Board of Directors authorize negotiation and execution of a construction agreement with CEI.

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS, THAT:

Section 1. The facts stated in the recitals above are true and correct, and the Board so finds and determines.

Section 2. The Board formally withdraws its authorization to negotiate and execute a contract for the O’Neill Pumping-Generating Plant Power Transformers Rehabilitation work with NASS, as stated in Resolution No. 2022-507, due to failure to reach agreement on terms acceptable to the Water Authority.

Section 3. Based on the above Recitals, the Board hereby finds as follows:

- (a) CEI is qualified to complete the O’Neill Pumping-Generating Plant Power Transformers Rehabilitation; and
- (b) The O’Neill Pumping-Generating Plant Power Transformers Rehabilitation was competitively solicited through the formal solicitation procedures per the Water Authority’s Consolidated Procurement Policy.

Section 4. Based on the above Recitals, the price proposed for the construction work is fair and reasonable for the repairs and replacement, better than the price previously bid by NASS, and will be funded utilizing available funds in the FY22 and FY23 EO&M budgets.

Section 5. The Executive Director or the Chief Operating Officer, for and on behalf of the Water Authority, is hereby authorized and directed to negotiate a Construction Agreement with CEI for services on substantially the terms discussed with the Board, and to execute such agreement if acceptable terms are agreed upon, as well as to take such actions as may be required or authorized by this Board to effectuate that agreement.

PASSED, APPROVED AND ADOPTED this 4th day of May, 2023, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

Cannon Michael, Chairman
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

Attest:

Federico Barajas, Secretary

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I hereby certify that the foregoing Resolution No. 2023- was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at the meeting thereof held on the 4th day of May, 2023.

Federico Barajas, Secretary

CONSTRUCTION AGREEMENT

For

O'Neill Pumping-Generating Plant Power Transformer Rehabilitations

THIS AGREEMENT, dated for identification as of _____, 2023, is between the **SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**, a California Joint Powers Agency, (hereinafter called "Authority"), and **Cal Electro Inc.**, a California Corporation (hereinafter called "Contractor").

The parties hereto mutually agree to the terms and condition set forth herein.

I. CONTRACT DOCUMENTS

- A. The Contract Documents referred to herein are incorporated herein by reference as if set forth in full in this Agreement.
- B. Work called for in any one Contract Document and not mentioned in another is to be performed and executed as if mentioned in all Contract Documents. The table of contents, titles and headings contained herein and in said documents are solely to facilitate reference to various provisions of the Contract Documents and in no way affect or limit the interpretations of the provisions to which they refer.
- C. The Contract Documents shall include the Notice to Contractors, Addenda, Proposal Form, Construction Agreement, the Proposal Guarantee, the Performance Bond, the Payment Bond, Guarantee Form, the General Conditions, the Special Provisions, Specifications, Exhibits, Permits from other agencies that may be required by law, the Contract Drawings and Plans, the Contract Schedule, and any and all supplemental agreements amending or extending the Work contemplated and which may be required to complete the Work in an acceptable manner. Supplemental agreements are written agreements covering alterations, amendments or extensions to the Contract Documents and include Change Orders, Construction Change Directives, Field Directives, Field Orders, Bulletins and supplemental drawings.

II. DEFINITIONS

Unless otherwise specifically provided herein, all works and phrases defined in the General Conditions shall have the same meaning and intent in this Agreement.

For purposes of this Agreement, "Outage" shall mean the period during which the pumping plant is permitted to be shutdown to permit the work under this Agreement. If the permitted period of the Outage is less than the time in which the Contractor proposed to perform work required during the Outage (such period not to exceed 45 days), then SLDMWA will pay reasonable acceleration costs if necessary to make up the shortfall in time.

III. AGREEMENT CONTROLS

In the event of a conflict between the terms and conditions as set forth in this Agreement and the terms and conditions set forth in other Contract Documents, the terms and conditions set forth in this Agreement shall prevail.

IV. SCOPE OF CONTRACT

Contractor agrees to furnish all tools, equipment, apparatus, facilities, labor and material and transportation necessary to perform and complete in a good and workman like manner to the satisfaction of SLDMWA, all the work required for the Contract for the Project entitled: O'Neill Pumping-Generating Plant Power Transformer Rehabilitations

V. CONTRACT AMOUNT AND PAYMENTS

SLDMWA agrees to pay and Contractor agrees to accept, in full payment for the above work, Three Million One Hundred Fifty-five Thousand Eight Hundred DOLLARS (\$3,155,800) as the stipulated sum price which Contractor Proposal in its Proposal Form, subject to additions and deductions by Change Order(s) as provided in the General Conditions.

VI. PROGRESS AND FINAL PAYMENTS

Progress and final payments shall be in accordance with the General Conditions.

VII. RETENTION OF SUMS CHARGED AGAINST CONTRACTOR

When, under the provisions of this contract, SLDMWA shall charge any sum of money against Contractor, SLDMWA shall deduct and retain the amount of such charge from the amount of the next succeeding progress estimate, or from any other moneys due or that may become due to the Contractor from SLDMWA. If, on completion or termination of the Contract, sums due contractor are insufficient to pay SLDMWA's charges against him, SLDMWA shall have the right to recover the balance from Contractor or his sureties.

VIII. TIME OF COMPLETION

- A. The entire Work shall be brought to completion in the manner and within the time period provided for in the Contract Documents, commencing on the date of issuance of the Notice to Proceed.
- B. Failure to complete the Work by the completion date and in the manner provided for by the Contract Documents, or to complete milestone work by the required deadline, shall subject Contractor to liquidated damages as hereinafter provided in this Agreement. Time is of the essence in these Contract Documents.

IX. INSURANCE

Contractor shall maintain in full force and effect at all times during the term of the Agreement, at its sole expense, policies of insurance in accordance with the General Conditions.

X. NO WAIVER OF REMEDIES

- A. Neither the inspection by SLDMWA or its agents, nor any order or certificate for the payment of money, nor any payment for, nor acceptance of the whole or any part of the Work by SLDMWA, nor any extensions of time, nor any position taken by SLDMWA or its agents shall operate as a waiver of any provision of this Agreement or of any power herein reserved to SLDMWA or any right to damages herein provided, nor shall any waiver of any breach of the Agreement be held to be a waiver of any other or subsequent breach.
- B. All remedies provided in this Agreement shall be taken and construed as cumulative; that is, in addition to each and every other remedy herein provided, and SLDMWA shall have any and all equitable and legal remedies which it would in any case have.

XI. DETERMINATION OF DAMAGES

- A. The actual fact of the occurrences of damages and the actual amount of the damages which SLDMWA would suffer if the work were not completed within the specified times set forth are dependent upon many circumstances and conditions which could prevail in various combinations, and, from the nature of the case, it is impracticable and extremely difficult to fix the actual damages.
- B. Damages which SLDMWA would suffer in the event of delay include loss of the use of the Project, and, in addition, expenses of prolonged employment of an architectural and engineering staff; costs of administration, inspection, and supervision; and the loss suffered by the public within the San Luis & Delta-Mendota Water Authority by reasons of the delay in the completion

of the Project to serve the public at the earliest possible time.

- C. Accordingly, the parties hereto agree, and by execution of this Agreement, Contractor acknowledges that it understands, has ascertained and agrees, that the amounts set forth herein as liquidated damages shall be presumed to be that amount of damages sustained by the failure of Contractor to complete the entire work, or such portion of the work as SLDMWA identifies in the Contract Documents, within the times specified.

XII. LIQUIDATED DAMAGES

See also GENERAL CONDITIONS SECTION 8.10. LIQUIDATED DAMAGES FOR DELAY and Milestones in SPECIFICATIONS SECTION 01 11 00 SUMMARY OF WORK.

The amount of the liquidated damages to be paid by Contractor to the Authority shall be as follows, per **Calendar day** until the work in question is completed:

Failure to complete each Milestone:	Seven thousand five hundred dollars (\$7,500.00)
Failure to complete all work by the end of construction schedule:	Seven thousand five hundred dollars (\$7,500.00)

XIII. TERMINATION AFTER ALLOTTED WORKING OR CALENDAR DAYS

- A. In addition to any rights it may have, SLDMWA may terminate this Contract, the Contractor's control or the Contractor's right to proceed at any time after the allotted number of Working or Calendar Days as adjusted by any extensions of time for excusable delays that may have been granted.
- B. Upon such termination Contractor shall not be entitled to receive any compensation for services rendered by it before or after such termination, and it shall be liable to SLDMWA for liquidated damages for all periods of time beyond such termination date until the work is completed.

XIV. CONTRACTOR BANKRUPT

- A. If Contractor should commence any proceeding under the Bankruptcy Act, or if contractor be adjudged a bankrupt, or if Contractor should make any assignment for the benefit of creditors, or if a receiver should be appointed on account of Contractor's insolvency, then the SLDMWA Board may, without prejudice to any other right or remedy, terminate the Contract and complete the work by giving notice to Contractor and his surety according to the provisions of Article 5 of the General Conditions.
- B. SLDMWA shall have the right to complete, or cause completion of the work, all as specified in Article 5 of the General Conditions.

XV. PERFORMANCE AND PAYMENT BONDS

- A. The Contractor shall, before beginning said work, file two bonds with the SLDMWA, each made payable to the SLDMWA. These bonds shall be issued by a Surety Company authorized to do business in the State of California, and shall be maintained during the entire life of the Contract at the expense of the Contractor.
 - 1. One bond shall be the Performance Bond in the amount of one hundred percent (100%) of the Contract and shall guarantee the faithful performance of the Contract.

2. The second bond shall be the Payment Bond required by Part 4, Title 15, Chapter 7, Division Three of the Civil Code of the State of California and shall be in the amount of one hundred percent (100%) of the Contract.
- B. Any alteration or alterations made in any provision of this Contract shall not operate to release any surety from liability on any bond required hereunder and the consent to make such alterations is hereby given, and any surety on said bonds hereby waives the provisions of Section 2819 of the Civil Code.
 - C. Bonds shall only be accepted from an “*Admitted surety insurer*”, which means an insurer to which the Insurance Commissioner has issued a certificate of authority to transact surety insurance in this state. ***Contractor must submit all of the following with the bonds:***
 1. The original, or a certified copy, of the unrevoked appointment, power of attorney, bylaws or other instrument entitling or authorizing the person who executed the bond to do so.

XVI. SUBSTITUTION OF SECURITIES FOR MONEY WITHHELD

- A. As provided in Public Contract Code section 22300, at any time prior to the submission of the Contractor’s first payment application, Contractor may request substitution of securities for any money withheld by the SLDMWA to ensure performance of the Contract.
- B. At the expense of the Contractor, securities equivalent to the money withheld may be deposited with the SLDMWA or with an approved financial institution as escrow agent according to a separate Security Agreement.
- C. Securities eligible for substitution shall include those listed in Section 16430 of the Government Code or bank or savings and loan certificates of deposit. A fee set by the SLDMWA Board shall be charged for such substitution.

XVII. LABOR CODE COMPLIANCE

SLDMWA affirmatively identifies this project as a “public work” as that term is defined by Labor Code section 1720, and the project is, therefore, subject to prevailing wages under Labor Code section 1771. Contractor and its subcontractors shall fully comply with all the provisions of the California Labor Code governing the performance of public works contracts including, but not limited to, payment of prevailing wages, limitations on time worked, compliance with apprentice requirements, maintenance of payroll records, posting of wages at job site and prohibitions against discrimination.

XVIII. UNFAIR COMPETITION

- A. The following provision is included in this agreement pursuant to California Public Contract Code §7103.5.

"In entering into a public works contract or a subcontract to supply goods, services, or materials pursuant to a public works contract, the contractor or subcontractor offers and agrees to assigning to the awarding body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services, or materials pursuant to the public works contract or the subcontract. This assignment shall be made and become effective at the time the awarding body tenders final payment to the contractor, without further acknowledgment by the parties."

XIX. ASSIGNMENT

Neither this Agreement nor any rights herein of Contractor shall be assigned without the written consent of SLDMWA first obtained.

XX. NO THIRD PARTY BENEFICIARIES

This Agreement is entered into solely between the SLDMWA and Contractor. There are no third party beneficiaries, intended, unintended, or otherwise to this Agreement.

////SIGNATURE PAGE FOLLOWS////

IN WITNESS WHEREOF, the parties hereto have signed the Agreement on the date set forth opposite their names.

CONTRACTOR:

(California Corporations: must be signed by company's CEO, President, or Vice President *as well as* the Secretary or CFO.)

Date

Tax I.D. Number

Signature

Signature

Print Name

Print Name

Title

Title

**SAN LUIS & DELTA-MENDOTA WATER
AUTHORITY, A Joint Powers Agency:**

Date

ATTEST:

Pablo R. Arroyave, Chief Operating Officer

CERTIFICATE OF ACKNOWLEDGMENT pursuant to Civil Code, Section 1189, must be provided for Contractor's signature.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

CERTIFICATE OF ACKNOWLEDGMENT

State of _____

County of _____

On _____, 20__, before me, _____, **Notary Public**, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY of PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)



NOTICE OF INTENT TO AWARD

Date: 4/14/2023

To: RFP F23-OPP-015 Proposers

Project Title: O'Neill Pumping-Generating Plant Power Transformer Rehabilitation

Project Specification Number: F23-OPP-015

On March 16, 2023 the San Luis & Delta-Mendota Water Authority (SLDMWA) received one (1) proposal for the subject project from Cal Electro Inc.

The Evaluation Committee has deemed Cal Electro Inc. as a qualified respondent to provide the requested services for this project for a total contract amount of **\$3,155,800.00**.

You are hereby notified that on May 4, 2023 SLDMWA Staff will recommend to the SLDMWA Board of Directors, award of the contract for O'Neill Pumping-Generating Plant Power Transformer Rehabilitations to Cal Electro Inc.

SLDMWA appreciates the time and effort that all of the participating firms dedicated in consideration for this project.

Sincerely,

Travis Roberts

Travis Roberts
Contract Specialist