

MCMINNVILLE WATER & LIGHT COMMISSION SPECIAL MEETING TENTATIVE AGENDA

Tuesday, April 26, 2022- 7:30 am

The meeting will be conducted electronically via Zoom and live streamed on YouTube. You can search McMinnville Water and Light on YouTube or visit our website for the Zoom or YouTube link at:

<https://www.mc-power.com/meeting/>

1. Call to Order
2. Roll Call
3. Exemption from Competitive Bid Process for 2023 Transformer Purchases
4. Adjournment



April 25, 2022

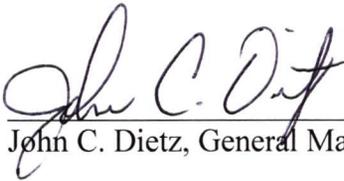
SPECIAL MEETING NOTICE

The McMinnville Water & Light Commission will meet in Special Session on Tuesday, April 26, 2022 at 7:30 am.

The meeting will be conducted electronically via Zoom and live streamed on YouTube. You can search McMinnville Water and Light on YouTube or visit our website for the Zoom or YouTube link at:

<https://www.mc-power.com/meeting/>

The commission will discuss an Exemption from Competitive Bid Process for 2023 Transformer Purchases.



John C. Dietz, General Manager

Copy: Mayor
Commissioners
News-Register
KLYC
Nicole Montesano

McMINNVILLE WATER & LIGHT
M E M O R A N D U M

TO: McMinnville Water & Light Commission **DATE:** April 26, 2022
FROM: Chad Hudson, Purchasing Manager **RE:** Special Procurement

Action Requested

Commission adoption of resolution approving a contract specific special procurement to purchase distribution transformers from General Pacific, Inc. for calendar year 2023 in accordance with ORS 279B.085 pending issuance of a Special Procurement notice and receiving no protests.

Discussion

Staff is requesting approval of a contract specific special procurement for the purchase of distribution transformers through December 1, 2023 with General Pacific, Inc. c/o Ermco. The challenges of acquiring distribution transformers in our current economic environment has proven to be very difficult for many utilities. Manufacturers/distributors have been faced with capacity issues driven by demand and volatile commodity markets causing drastic upward pricing pressure. Many manufactures are not supplying pricing at this time due to current economic and capacity issues.

MW&L's most recent solicitation for single-phase transformers resulted in two quotes and four no-quotes. Estimated lead times from the quotes received ranged from 56 to 140 weeks and pricing was five to eight times MW&L's last purchase price. One of the "no quotes" was from Ermco, MW&L's largest supplier of distribution transformers. Over the last five years Ermco has supplied MW&L with 60% of its distribution transformers needs in large part due to the Ermco product's low cost of ownership and competitive lead times. However, Ermco's 2022 production allocation is 100% accounted for, therefore Ermco provided no quote.

Ermco recently notified MW&L that it would no longer be selling directly to customers but would be utilizing General Pacific, Inc., as a distributor for their transformers sales. It was also communicated that the 2023 production slots will be released soon and that General Pacific would be contacting MW&L for our 2023 transformer needs. On April 21, staff was contacted by General Pacific and offered production slots for 2023 delivery. General Pacific is requesting 2023 quantities for the following:

Signature/Date <i>Prepared by: Chad Hudson 4/25/22</i>	General Counsel: <i>Reviewed by: Sam Justice 04/25/22</i>		General Manager: <i>Reviewed by: John Dietz 4/25/22</i>	Approved for Commission Scheduling:
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- Single-phase polemounts
- Single-phase padmounts
- Three-phase padmounts

Pricing will be set 12 weeks prior to delivery. MW&L will have the option to opt out at that 12-week pricing date, if it chooses to do so.

Below are the criteria for a special procurement per ORS 279B.085 (4) and potential findings for the special procurement:

(a) Is unlikely to encourage favoritism in the awarding of public contract or to substantially diminish competition: and:

(b)(A) is reasonably expected to result in substantial cost savings to MW&L or the public; or

(B) Otherwise substantially promotes the public interest in a manner that could not practicably be realized by complying with requirements that are applicable under ORS 279B.055, 279B.060, 279B.065 or 279B.070 or under any rules adopted thereunder. In this case, attempting to comply with the contracting code requirement appears likely to put MW&L in a position where transformers are not available, or are only available at very high prices.

With a production order from the MW&L, General Pacific will put MW&L on its production list for transformers from Ermco, Inc., and MW&L can reasonably expect a predictable supply of transformers at a reasonable price in 2023. A contract-specific class special procurement with General Pacific will promote the public interest by ensuring continuity of supply of distribution transformers through 2023.

MW&L staff recommends adoption of the resolution approving the contract specific special procurement, issuing notice for protest, and directing the general manager to give General Pacific a good faith indication of MW&L's transformer needs in 2023.

Signature/Date <i>Prepared by: Chad Hudson 4/25/22</i>	General Counsel: <i>Reviewed by: Sam Justice 04/25/22</i>		General Manager: <i>Reviewed by: John Dietz 4/25/22</i>	Approved for Commission Scheduling:
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RESOLUTION NO. 2022 - _____

A RESOLUTION OF THE CITY OF McMinnville, Acting by and through its Water and Light Commission, ("MW&L") Approving a Contract Specific Special Procurement for Electric Transformers.

WHEREAS, the MW&L is responsible for the management of the electric systems of McMinnville; and

WHEREAS, pursuant to ORS 279B.085, MW&L as local contract review board may approve a special procurement if the commission finds that a written request justifies the use of a special procurement under the standards set forth in ORS 279B.085(4); and

WHEREAS, the MW&L purchasing manager has submitted to the commission a written request to approve a one-time contract-specific special procurement from General Pacific, Inc. ("GENPAC") to purchase electric transformers for the following reasons ("the Findings"):

1. GENPAC has historically and consistently supplied MW&L with electric transformers at the lowest and best price; and
2. Under current market conditions electric transformers are only available at historically high prices with two-year lead times; and
3. MW&L has a currently unmet projected need for electric transformers in 2023; and
4. GENPAC is offering delivery of transformers in 2023 if MW&L can immediately indicate a production order of a specific number of electric transformers; and
5. No other supplier (other than GENPAC) is offering delivery of transformers in 2023; and
6. From available market information, the only method to reliably procure transformers in 2023 at reasonable prices is to timely make a production order through GENPAC; and
7. A contract-specific class special procurement with GENPAC is unlikely to encourage favoritism or diminish competition for public contracts; and
8. A contract-specific class special procurement with GENPAC promotes the public interest.

WHEREAS, with current information MW&L finds that the restricted availability of electric transformers will continue through 2023; and

WHEREAS, MW&L staff has surveyed the current market of similar transformer suppliers and found no comparable option to acquire delivery of transformers in 2023.

NOW THEREFORE BE IT RESOLVED THAT the commission makes the Findings described above pursuant to ORS 279A.085: and

BE IT FURTHER RESOLVED, that the commission approves a contract-specific special procurement with GENPAC for electric transformers without competition, and authorizes the general manager to communicate a production order to GENPAC for electric transformers subject to publication of notice of approval pursuant to ORS 279B.055(4) and no protest being filed; and

BE IT FURTHER RESOLVED, that this one-time approval of contract specific special procurement expires without further action if not exercised by July 1, 2023 and is limited to a total amount not to exceed the commission's annual expenditure authority (approved budget/estimate of expenses) for electric transformers, and authorizes the mayor and clerk to sign.

PASSED AND ACCEPTED this _____ day of _____, 2022.

Attest:

Scott A. Hill
Mayor and Ex-Officio Member of the
Water and Light Commission

Trena McManus
Clerk of Commission