



RESOLUTION NO. U-11472

1 A RESOLUTION related to the purchase of materials, supplies, equipment and
2 the furnishing of services; authorizing the City officials to enter into
3 contracts and, where specified, waive competitive bidding requirements,
4 authorize sale of surplus property, or increase or extend existing
5 agreements.

6 WHEREAS the City of Tacoma, Department of Public Utilities, requested
7 bids or proposals for the purchase of certain materials, supplies, equipment or
8 the furnishing of certain services, or proposes to purchase off an agreement
9 previously competitively bid and entered into by another governmental entity or
10 a purchasing cooperative, or for the sales of surplus, or desires to increase or
11 extend an existing agreement, all as explained by the attached Exhibit "A,"
12 which by this reference is incorporated herein, and

13 WHEREAS in response thereto, bids or proposals (or prices from
14 another governmental or cooperative agreement) were received, all as
15 evidenced by Exhibit "A," and

16 WHEREAS the Board of Contracts and Awards or the requesting division
17 have heretofore made their recommendations, which may include waiver of the
18 formal competitive bid process because it was not practicable to follow said
19 process, or because the purchase is from a single source, or there is an
20 emergency that requires such waiver, or because a directly negotiated contract
21 was determined to be in the best interest of the City, or waiver of minor
22 deviations, and in the case of sale of surplus, a declaration of surplus has been
23 made certifying that said items are no longer essential for continued effective
24 utility service, as explained in Exhibit "A," Now, therefore,
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BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the Public Utility Board of the City of Tacoma hereby concurs and approves the recommendations of the Board of Contracts and Awards or the requesting division, and approves, as appropriate: (1) the purchase or furnishing of those materials, supplies, equipment or services recommended for acceptance; (2) the sale of surplus materials, supplies or equipment recommended for acceptance; (3) the purchase from a cooperative or another governmental entity contract; and (4) the increase or extension of an existing agreement, and said matters may include waiver of the formal competitive bid process or waiver of minor deviations, all as set forth on Exhibit "A," and authorizes the execution, delivery and implementation of appropriate notices, contracts and documents by the proper officers of the City for said transactions.

Approved as to form:

/s/
Chief Deputy City Attorney

Chair

Secretary

Clerk

Adopted _____



Resolution No.: U-11472
Item No.: 1
Meeting Date: SEPTEMBER 25, 2024

TO: Board of Contracts and Awards
FROM: Chris Robinson, Utilities Deputy Director/Power Superintendent, Tacoma Power
Ray Johnson, Power Utility Section Manager, Power Management
Brittany Broyles, Assistant Section Manager, Customer Energy Solutions
COPY: Public Utility Board, Director of Utilities, Board Clerk, EIC Coordinator, LEAP
Coordinator, and Sara Bird, Senior Buyer, Finance/Purchasing
SUBJECT: Cycle 7 Contract with Northwest Energy Efficiency Alliance for Energy Efficiency
Market Transformation Savings
Waiver – Direct Negotiation, Contract No.CW2267440 – September 25, 2024
Public Utility Board
DATE: September 4, 2024

RECOMMENDATION SUMMARY: Tacoma Power recommends contract CW2267440 be awarded to Northwest Energy Efficiency Alliance (NEEA), Portland, OR, in the amount of \$2,007,446, plus applicable taxes, budgeted from the Association Dues Fund in Customer Energy Solutions, for an initial contract term of five years, for NEEA Cycle 7 which directly supports Tacoma Power customers through market transformation savings by making efficient products more accessible and affordable for Tacoma Power customers while creating opportunities for job growth and skills training in the Northwest.

STRATEGIC POLICY PRIORITY:

- Ensure all Tacoma residents are valued and have access to resources to meet their needs.
- Assure outstanding stewardship of the natural and built environment.

NEEA is a collaborative of over 140 utilities and energy efficiency organizations working on behalf of more than 13 million consumers to increase the adoption of energy efficient products, services, and practices. Leveraging over 25 years of market transformation experience, NEEA identifies market barriers to efficiency and strategically intervenes to remove them. This work supports the goals of ensuring all Tacoma residents have access to necessary resources and keeps power affordable for our customers. Through initiatives like Energy Star, codes and standards work, and partnerships with manufacturers, NEEA drives lasting market change.

BACKGROUND: In 1996, the Northwest Power and Conservation Council called for the creation of a regional organization dedicated to promoting energy-efficient products and services within local markets. In response, local investor-owned utilities in the Northwest collaborated with publicly owned utilities, represented by the Bonneville Power Administration, to establish the nonprofit NEEA. Tacoma Power has been an active participant in NEEA since its inception, holding a seat on the board of directors. NEEA is an alliance of utilities and partners that pools resources and shares risks to transform the market for energy efficiency to the benefit of consumers in the Northwest. NEEA leverages the collective power of the region to drive long-term energy efficiency market changes while delivering immediate benefits, such as increasing the availability and affordability of efficient products for Northwest consumers.

ISSUE: For Cycle 7, spanning 2025 to 2029, NEEA will continue its core mission of delivering affordable energy efficiency solutions to homes and businesses across the Northwest. This



business plan, renewed every five years to align with industry changes, emphasizes NEEA's commitment to transforming markets for energy efficiency. In addition to its primary focus, the alliance will explore strategies to accelerate the adoption of grid-enabled end-use technologies, advance efforts to reduce greenhouse gas emissions, and ensure the equitable delivery of energy efficiency benefits throughout the region. These efforts include creating lasting market changes for cost-effective energy savings, increasing the availability and affordability of energy-efficient products, gathering valuable market data, supporting integrated design labs, contributing to codes and standards processes, and enhancing workforce development through targeted training and resources.

ALTERNATIVES: For the last two Energy Independence Act biennia, Tacoma Power has achieved and reported 38,027 megawatt-hours (MWh) of NEEA energy efficiency market transformation savings. NEEA supplies Tacoma Power with the most cost-effective savings in the City's portfolio. NEEA's savings average is around a Utility Cost Test benefit-cost ratio (BCR) of 6.5 and a resource cost of \$6 per MWh. A BCR is an indicator showing the relationship between the relative costs and benefits for the acquisition of a conservation savings project. If a project has a BCR greater than 1.0, the project is expected to deliver a positive net present value for the utility. There are no other energy efficiency savings in the industry that are this affordable for utilities.

COMPETITIVE ANALYSIS: NEEA is the sole organization in the Northwest, and even nationally, focused on this level of market transformation for energy efficiency. No other entity offers comparable services, which is why we cannot attribute market transformation savings from any other company when reporting to the Department of Commerce for the Energy Independence Act. A Direct Negotiation Waiver for this contract was approved in July 2024.

CONTRACT HISTORY: New contract.

SUSTAINABILITY: NEEA's work plays a crucial role in advancing sustainability at Tacoma Power, particularly in the development of green buildings across the Northwest. By supporting Integrated Design Labs, energy star product development, and providing valuable data to inform building codes and standards, NEEA ensures that energy-efficient technologies are integrated into new construction and retrofits. This not only reduces energy consumption but also promotes healthier, more sustainable living environments.

EQUITY IN CONTRACTING (EIC) COMPLIANCE: Not applicable - EIC Exception: Direct Negotiation Waiver

LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM (LEAP) COMPLIANCE: Not applicable to this contract.



FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4700 & Power	562000	5412030	\$2,007,446
TOTAL			Up to \$2,007,446

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4700 Power	562000	5412030	(\$2,007,446)
TOTAL			Up to (\$2,007,446)

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$802,978 for 2025/2026 budget

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A



Resolution No.: U-11472
Item No.: 2
Meeting Date: SEPTEMBER 25, 2024

TO: Board of Contracts and Awards
FROM: Heather Pennington, Interim Superintendent, Tacoma Water
Kim DeFolo, Interim Division Manager, Tacoma Water
Carol Powers, Principal Engineer, Tacoma Water
COPY: Public Utility Board, Director of Utilities, Board Clerk, EIC Coordinator, LEAP
Coordinator, and Brandon Snow, Senior Buyer, Finance/Purchasing
SUBJECT: Tacoma Water New Warehouse/Shops Building and Yard Improvements Project
Request for Proposals Specification No. TW23-0308F, Contract No. CW2268109 –
September 25, 2024, Public Utility Board
DATE: September 6, 2024

RECOMMENDATION SUMMARY: Tacoma Water recommends a contract be awarded to Absher Construction Co, Puyallup, WA, in the amount of \$790,819, plus applicable taxes, plus a five-percent contingency, budgeted from the 4600 Water Capital Reserve Fund, for a projected contract amount of \$830,360, for the planning, validation, basis of design report, and schematic design of a new warehouse, shops facility, and associated supporting site development. Two additional amendments to this contract are anticipated to complete the work, including the remainder of design, early-work procurements if needed, and construction of the facility.

STRATEGIC POLICY PRIORITY:

- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Assure outstanding stewardship of the natural and built environment.

BACKGROUND: In 2016, Tacoma Water completed an All-Hazards Vulnerability Assessment which included analysis of the Water Operations Building located at 3506 South 35th Street. Three different probabilistic earthquake scenarios were analyzed (Tacoma Fault Line, Cascadia Subduction and the South Whidbey Island Fault Line) to understand the impacts to the building. The analysis noted that the building would likely completely collapse in the Tacoma Fault Line earthquake scenario. If the Cascadia Subduction zone earthquake scenario were to occur, it is likely there would be substantial damage to the building rendering the building unsuitable for occupation.

In 2018, Tacoma Water conducted an alternatives analysis and continued with design to seismically retrofit the existing building to meet an immediate occupancy standard. At 30-percent design, it was clear the cost to retrofit the building far exceeded the cost of constructing a new one, so the project was paused for further evaluation.

In 2021, Tacoma Public Utilities (TPU) Master Plan identified the existing building was significantly undersized to meet current and future needs. Also, the pandemic provided the opportunity to think differently about how work is completed. These elements compelled Tacoma Water to reevaluate the project alternatives.

In 2022, Tacoma Water completed another alternatives evaluation and determined a new warehouse and shops building would need to precede the retrofit/replacement of the existing



operations building. The new warehouse and shops are needed to provide seismic resiliency, improve operational efficiency, and accommodate future growth.

In 2023, Tacoma Water completed a 20-year masterplan of the property located east of the TPU main campus where the Water Operations Building, parking lots, and Water operations yard are located.

Also in 2023, consistent with RCW 39.10, Washington State's Capital Projects Advisory Review Board (CPARB) approved Tacoma Water to utilize a Progressive Design-Build (PDB) delivery method for the construction of a new warehouse and shops.

Following the master planning effort and the CPARB approval, Tacoma Water solicited PDB proposals for planning, design, and construction of new warehouse and shop buildings, plus site development for efficient operation and material delivery traffic.

The cumulative PDB contract will cover the three phases of the project. Phase One of the project will cover the Planning and Validation period and Conceptual Design. When the Validation Report (basis of design) is complete, a contract amendment will be brought to the Public Utility Board (PUB) for consideration. If executed, the amendment will authorize Phase Two, allowing the design-build (DB) team to proceed to approximately a 60-percent design level and establish a Guaranteed Maximum Price (GMP) to complete design and construction.

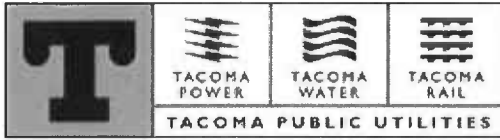
Following Phase Two, Phase Three will bring to the PUB a contract amendment including the GMP to complete the design and construct the project. The Phase Three amendment is currently estimated in the range of \$22,000,000 to \$25,000,000. The timing of the Phase Three amendment is estimated to be early 2026.

ISSUE: Essential facilities are needed by our communities to remain operational in the event of extreme environmental conditions such as earthquakes, tornadoes, floods, snow, or wind. The functions of Tacoma Water's existing Water Operations Building are consistent with the use of an essential facility.

However, seismic analysis shows the structural capacity of the building is significantly lower than industry standard for both life safety and immediate occupancy. It is expected the building would sustain significant damage in the event of a seismic event, making access to existing shops, warehouse, and offices unavailable until significant structural repairs are made. The inability to access parts, materials, tools, and shops would hamper Tacoma Water's ability to address anticipated seismic damage to the water system, which in turn would limit water delivery for customer consumption and fire protection after a seismic event.

The existing Water Operations Building includes offices for a portion of Tacoma Water's staff, a warehouse, tool storage, and shops. The 20-year masterplan indicates the warehouse and shops are significantly undersized and inefficient.

ALTERNATIVES: One alternative considered in 2021 included moving Tacoma Water operations to existing facilities on the TPU campus which would be seismically resilient, provide



adequate space and provide for future growth. There are no available existing spaces; in fact, Tacoma Power is also working to expand their portfolio of facilities to meet their space needs.

Another alternative considered was to remodel and expand the existing facility to bring it up to an appropriate level of seismic resiliency. However, the large capital investment needed for that project would improve the seismic resiliency but would not be at the seismic level for essential facilities, and several operational challenges including varying floor and low warehouse ceiling heights would remain in the remodeled building.

The last alternative was to look for a commercial property for sale in Tacoma. A suitable property has not been found.

After reviewing a variety of project delivery methods, Tacoma Water determined a PDB contracting method is best suited for this project as it offers significant advantages over design-bid-build, construction manager at risk, and traditional DB delivery methods. PDB projects provide a single point of responsibility for the design and construction of the facility (Design-Builder) and the ability for Tacoma Water to work closely with the Design-Builder during progression of the design will result in increased opportunity for design and construction innovation, improved space utilization on a constrained site, and better management of design and construction risks throughout the project. Also, risk of impacts to existing operations are reduced by having the contractor and designer consider construction means and methods through the design process. Delays to the project due to long-lead purchase of equipment and materials can be mitigated in PDB through a targeted acceleration of design and procurement of those long-lead equipment and materials.

COMPETITIVE SOLICITATION: In accordance with RCW 39.10.330, a two-step solicitation approach was used to identify the most qualified PDB team. Tacoma Water was assisted by an owner advisor team from Parametrix Inc, who are highly experienced in managing alternative delivery projects. Parametrix Inc provided insight and facilitation of the process as non-voting members of the Selection Advisory Committee (SAC).

Request for Qualifications Specification No. TW23-0213F was opened on April 23, 2024. Eleven companies were invited to bid in addition to normal advertising of the project. Six statements of qualifications (SOQ) were received and evaluated by the SAC based on the DB teams' qualifications and performance references, team experience and qualifications, evidence of ability to perform the work, excellence in design, and disadvantaged business utilization performance. All six submittals met the general requirements. The four highest scoring teams were then invited to enter the proposal phase of the solicitation process.

Request for Proposals Specification No. TW23-0308F received four proposals from finalists on June 11, 2024. Proposals were submitted in two parts, written proposal and price factor forms. Price factor forms were held by Purchasing staff until after the proposal scores were submitted. Proposals were evaluated based on PDB delivery approach, design approach, management approach, time and budget management, capacity to complete the work, accident prevention plan, disadvantaged business outreach and inclusion plan. In-person interviews with each finalist were also conducted and scored.



Scoring after proposal submission and interviews was cumulative and included SOQ's, Interviews, and Proposals.

Following the cumulative scoring, price factor forms were opened and scored with the lowest price factor receiving the most points. Price factor points were added to the cumulative score to obtain final evaluated scores. The table below reflects the total final scores of the Finalists.

<u>Respondent</u>	<u>Location (city and state)</u>	<u>Score</u>
Absher Construction Co	Puyallup, WA	232.96
Skanska USA Building Inc.	Seattle, WA	231.83
Lydig Construction, Inc.	Spokane Valley, WA	219.90
Schuchart Corporation	Seattle, WA	196.00

CONTRACT HISTORY: New Contract.

SUSTAINABILITY: Pursuant to Resolution No. 38249, the project criteria for the warehouse and shops facility includes Leadership in Energy and Environmental Design Gold certification. Sustainable deconstruction and salvage efforts and sustainable materials management practices will also apply during the construction phase of the project.

EQUITY IN CONTRACTING (EIC) COMPLIANCE: Not applicable – Pursuant to RCW 39.10.330, the City's inclusion goals are 10-percent certified minority-owned businesses, six-percent certified women-owned businesses, five-percent certified small business enterprises, five-percent veteran-owned businesses, and 30-percent local businesses.

LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM (LEAP) COMPLIANCE: The LEAP requirements for this project are 15 percent of the project labor hours must be worked by Local Employees and an additional 15 percent of the labor hours must be worked by Apprentices, per TMC 1.90.040.

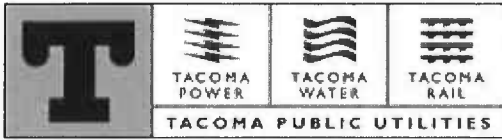
FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4600 Water Fund	WTR-00674	Various	\$830,360
TOTAL			Up to \$830,360

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4600 Water Capital Reserve Fund	587501	6311170	(\$830,360)
TOTAL			Up to (\$ 830,360)



FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$350,000, plus applicable taxes

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A