

RESOLUTION NO. 2021- 521

A RESOLUTION AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT WITH SOURCEONE, INC., BOSTON, MA TO PROVIDE A COMPREHENSIVE COST-BENEFIT ANALYSIS REPORT FOR WEST CT TURBINE REPAIR, IN AN AMOUNT NOT TO EXCEED \$62,570.00.

WHEREAS, the City Council of the City of Vineland has adopted Resolution No. 2021-52, a Resolution pre-qualifying certain firms to submit proposals for as needed Architectural and Engineering Consulting Services; and

WHEREAS, the Vineland Municipal Electric Utility is in need of a comprehensive cost-benefit analysis report for West CT Turbine Repair; and

WHEREAS, the Director of Vineland Municipal Utilities has recommended that a contract for the required services be awarded to SourceOne Inc., Boston, MA, in an amount not to exceed \$62,570.00, in accordance with Professional Services Contract No. C21-0027 and the SourceOne proposal, pursuant to a fair and open process; and

WHEREAS, the availability of funds for said Professional Services Contract to be awarded herein have been certified by the Chief Financial Officer; and

WHEREAS, the Local Public Contract Law (N.J.S.A. 40A:11-1, et seq) requires that the Resolution authorizing the award of contract for Professional Services without competitive bidding and the contract itself must be available for public inspection.

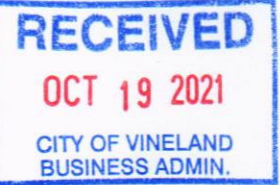
1. NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Vineland that said contract be awarded to SourceOne Inc., Boston, MA, to provide a comprehensive cost-benefit analysis report for West CT Turbine Repair, in accordance with Professional Services Contract No. C21-0027 and in accordance with the SourceOne proposal, pursuant to a fair and open process, in an amount not to exceed \$62,570.00.

Adopted:

President of Council

ATTEST:

City Clerk



**REQUEST FOR RESOLUTION FOR CONTRACT AWARDS
UNDER 40A:11-5 EXCEPTIONS
(PROFESSIONAL SERVICES, EUS, SOFTWARE MAINTENANCE, ETC)**

8/30/2021
(DATE)

1. Service (detailed description): Provide a comprehensive cost-benefit analysis report for West CT.

2. Amount to be Awarded: \$ 62,570.00

- Encumber Total Award
- Encumber by Supplemental Release

3. Amount Budgeted: \$ 75,000

4. Budgeted: By Ordinance No. _____
Or Grant: Title & Year _____

5. **Account Number to be Charged: 1-05-55-512-9001-52000 E391W-2

6. Contract Period: ~~9/28/21 to 9/28/22~~ per M. Mercado

7. Date To Be Awarded: 9/28/2021

8. Recommended Vendor and Address: SourceOne; 53 State St, 14th Floor
Boston, MA 02109

9. Justification for Vendor Recommendation:(attach additional information for Council review)
Has acceptable experience in the PJM market, their example report was well organized, and past experience was suitable.

- Non-Fair & Open (Pay-to-Play documents required)
- Fair & Open: How was RFP advertised? C21-0027

10. Evaluation Performed by: Emily Smith

11. Approved by: *John Lellan*

12. Attachments:

- Awarding Proposal
- Other: _____

- Send copies to:
Purchasing Division
Business Administration *M*

** If more than one account #, provide break down



August 20, 2021

TO: Emily H. Smith
Vineland Municipal Electric Utility
57 W. Park Avenue, Suite A
PO Box 1508
Vineland, NJ 08361
(856) 794-4300 Ext. 4275
esmith@vinelandcity.org

FROM: Jack Griffin, P.M.P., C.I.A.
Vice President and General Manager
SourceOne, Inc.
53 State Street, 14th Floor
Boston, MA 02109
(617) 455-2811
jgriffin@s1inc.com

RE: Vineland Municipal Electric Utility RFP No. 21-046 to Provide West CT Repair Assessment

Dear Ms. Smith,

SourceOne, Inc. (DE) ("SourceOne") and our project team thank you for the opportunity to submit this response to the Vineland Municipal Electric Utility ("VMEU" or "Vineland") Request for Proposals for Project No. 21-046 to provide a repair assessment for the West CT turbine. With national-scale resources, regional market knowledge, and decades of experience performing similar mechanical assessments, SourceOne is uniquely qualified to partner with the City on this project.

Over the past 12 years, SourceOne has performed a broad range of engineering services for VMEU and the City of Vineland to improve the efficiency and reliability of its municipal electric assets. We provided consulting and guidance around plant design and drawings, and later overseeing engineering and successful permitting of the Simple Cycle Power Plant (SCPP). After the design phase was complete, SourceOne provided technical support during the plant's construction.

SourceOne went on to support four discrete infrastructure revitalization projects to help Vineland avoid the volatility of the PJM market, leverage the large-scale solar deployments, and decrease energy costs for their customers. The citizens of Vineland continue to enjoy one of the lowest priced sources of electricity in the Northeast, and the City continues to gain significant financial benefit from the ownership of the utility. SourceOne is proud of its positive relationship with VMEU and is confident that this familiarity will enable us to streamline communication and work flow.

We thank you again for the opportunity to respond to this RFP and look forward to hearing from you. If you have any questions about this response or SourceOne's capabilities, please do not hesitate to contact me directly at (617) 455-2811 or jgriffin@s1inc.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Griffin". The signature is stylized and cursive.

Jack Griffin, P.M.P., C.I.A.
Vice President and General Manager
SourceOne, Inc.

4. Cost Proposal

4.1 Detailed Cost Proposal/Payment Schedule

SourceOne proposes payment based on the following fixed-fee milestone schedule:

Milestone	Price
Initial Site Assessment	\$12,514.00
Draft Report	\$25,028.00
Final Report	\$25,028.00
Total	\$62,570.00

4.2 Hourly Rates

For supplemental services outside the agreed-upon scope of work, SourceOne will base pricing on the following rate structure:

Rate Category	Straight-Time Rate	Overtime Rate	Holiday Rate
Vice President	\$325	---	---
Director	\$275	\$412	---
Manager	\$250	\$375	\$500
Senior Technical Staff*	\$210	\$315	\$420
Technical Staff**	\$180	\$270	\$360
Associate Technical Staff***	\$145	\$217	\$290
Support Staff****	\$105	\$157	\$205

These rates are effective January 1, 2021 and are subject to change at any time after December 31, 2021.

*Senior technical staff disciplines include, but are not limited to Senior Project Engineer, Senior Project Manager, Senior Energy Analyst and Senior Programmer

**Technical staff disciplines include, but are not limited to Project Engineer, Project Manager, Energy Analyst and Programmer

*** Associate Technical staff disciplines include, but are not limited to Associate Project Engineer, Associate Project Manager, Associate Energy Analyst and Associate Programmer

****Support staff disciplines include, but are not limited to Co-Op / Intern, Field Technician and Administrative

Straight Time

The straight time rate applies for services performed Monday through Friday, excluding holidays, on an eight (8) hour schedule between the starting hours of 7:00 AM and 9:00 AM. The minimum straight time charge on any day is four (4) hours, and straight time hours in excess of four (4) will be billed as eight (8) hours.

Overtime

The overtime rate applies for services performed at any time outside Straight Time hours, other than when Holiday Time applies. There is no minimum charge for overtime on a weekday on which the minimum straight time charge has been met. However, for overtime work performed on a Saturday or Sunday, or on a weekday without straight time billing, the minimum overtime charge is eight (8) hours.

Holiday Time

The holiday rate applies for services performed between the hours of 5:00 PM on the day preceding the holiday and 8:30 AM on the day following the holiday. The holidays included are New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving Day, Christmas Eve and Christmas Day. The minimum charge for work on a holiday is eight (8) hours.

Expenses

Reimbursable expenses above and beyond those included in the terms above shall be compensated at cost plus agreed upon multiplier.

3. Scope of Work

3.1 Project Approach

The City of Vineland has obtained an assessment of necessary and recommended repairs and associated costs to maintain operation of the West CT and continue its participation in the PJM capacity marketplace. SourceOne will review this assessment and provide an independent evaluation of the proposed repairs and costs. Equally as important is the potential revenue that the plant can continue to generate for the City of Vineland from the PJM capacity marketplace. As such, SourceOne will also provide detailed PJM market forecasts which project future revenue from continuing to operate the West CT. This information will form the basis of the financial analysis for the continued operation of West CT.

3.1.1 PJM Market Forecast

Market Assessment

SourceOne will develop an independent assessment of the revenue potential from the plant with respect to targeted wholesale power products.

Capacity Performance Penalty Risk

SourceOne will evaluate the risks associated with failure to respond to capacity performance events so that VMEU can calibrate its reentry strategy back into the PJM capacity market.

Sensitivity Analysis

SourceOne will conduct research of the economic and regulatory landscape, PJM rules, and price trends that are germane to future ICAP price variability. This will be used to develop a range-bound sensitivity analysis on projected price outcomes.

3.1.2 Cost Development

Develop Repair Cost Estimate

SourceOne will develop a cost estimate for all recommended repairs and upgrades needed (as identified in RFP Attachment 1: Technical Walk Down Report and Attachment 2: Descriptions Of The Areas Of Concern) to ensure reliable operation of the West CT that satisfies PJM capacity marketplace requirements. An evaluation of the purpose and risk for each previously identified repair and upgrade will be included. SourceOne will also perform a visual inspection of the equipment and interview plant personnel regarding any known system deficiencies. The cost estimate will include an estimated extended life expectancy for the West CT if all recommended repairs and upgrades are implemented. This estimated life will be used to determine the return on investment (ROI). The expected outage length needed to implement all recommended repairs and upgrades will be determined, as well as its impact, if any on PJM capacity marketplace obligations.

Develop O&M Costs

SourceOne will develop a cost estimate for operating and maintaining the West CT if all recommended repairs and upgrades are implemented. This estimate will include costs for personnel, fuel, manufacturer's recommended service, scheduled overhauls, parts replacement, etc. required to maintain an availability of >90%. In order to develop these costs SourceOne will perform a site inspection, review all existing O&M records and existing staffing requirements and interview plant personnel regarding current plant operations.

Develop Retirement Cost

SourceOne will develop a cost to retire the West CT based on decommissioning and mothballing the existing equipment in place. The cost will also include the opportunity cost of lost future profits from no longer participating in the PJM capacity marketplace.

3.1.3 Financial Analysis

Based on the estimated costs to repair and operate the West CT and forecasted revenue from continuing to participate in the PJM capacity marketplace, SourceOne will perform a detailed cost/benefit financial analysis in order to determine whether it is economically beneficial to repair and operate the plant for the next five years or if the plant should be retired.

3. SCOPE OF WORK

City of Vineland RFQ 2020-35 for Architectural and Engineering Consulting Services

3.2 Work Plan, Assumptions, and Deliverables

SourceOne will schedule a kickoff meeting with the City of Vineland and VMEU West CT personnel in order to establish project goals, timelines and to coordinate all site visits and on-site activities. A Request for Information (RFI) will be submitted for information and documents required to complete the Scope of Work (drawings, maintenance records, PJM contracts, etc.). A schedule to provide the City of Vineland with project updates will also be established. SourceOne has made the following assumptions for completing the proposed Scope of Work:

- RFP Attachment 1: Technical Walk Down Report and Attachment 2: Descriptions Of The Areas Of Concern are assumed to provide a comprehensive list of repairs and upgrades needed to ensure reliable operation of the West CT and will be the basis for determining the estimated cost for repairs
- If additional system deficiencies are identified during a visual inspection of the equipment and interviews with plant personnel the estimated cost to repair these deficiencies will be added to the total repair cost
- The estimated cost to retire the West CT will be based on decommissioning and mothballing the existing equipment in place. No costs for environmental studies or equipment removal will be included
- All cost estimates will be based on industry standards and SourceOne's experience at similar facilities and actual contractor quotes to complete the proposed work will not be obtained
- PJM market assessment will presumably focus on the PJM capacity market and to a lesser extent the real time energy market
- We will assume that the West CT plant will maintain its existing seller's right. Further operational characteristics to be clarified by RFI

SourceOne will deliver a Final Report that details the results of the assessment and provides recommendations to repair or retire the West CT going forward. The report will include:

- Write-up on PJM capacity market fundamentals, price trends, changes in regulatory structure, and sources of uncertainty over the next five years
- Forecast of ICAP clearing prices over the evaluation period, along with range bound sensitives
- Develop two DCF models that capture the relevant inputs for the investment decision: repower or retire. Run a series of contingency scenarios to stress the models against the major sources of uncertainty
- A high level scoring matrix for the scenarios, such that a rank and scoring system can be applied to determine the most applicable option
- A detailed cost/benefit analysis and estimated ROI for repairing and operating the plant for the next five years
- A table that clearly outlines the area of concern, life expectancy, price for repair or replacement, requirement, loss risk value, and likelihood value. Suggested repairs will be prioritized in order of necessity to maintain plant operation
- A summary for each area of concern that describes the risk, and the purpose of repair or replacement
- Cost of maintaining the unit inclusive of all personnel and upkeep costs to keep the units reliability and availability factors >90%
- Cost of retirement of the unit in place, inclusive of any future profits and savings lost
- Expected length of an outage needed in order to replace or upgrade all of the areas of concern
- A review of existing and proposed NJDEP and US EPA regulations in order to determine whether there is the potential for significant impacts to the emissions requirements for the West CT in the near future

3. SCOPE OF WORK

City of Vineland RFQ 2020-35 for Architectural and Engineering Consulting Services

3.3 Project Schedule

SourceOne proposes the following schedule based on time from signed contract and notice to proceed:

