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July 10, 2015
Project No. 12255-012
Letter No. SL-RMU-CARON-012-15-013X

Rochelle Municipal Utilities
Expansion of the Caron Road Substation 1 Project

Specification 12255-012-06, Above and Below Grade Installation
Sargent & Lundy Letter of Recommendation

Mr. Jeff Sartorius
Asst. Supt. Electric Operations
Rochelle Municipal Utilities
700 West 2nd Ave
Rochelle, IL. 61068

Dear Mr. Sartorius:

This letter summarizes Sargent & Lundy, L.L.C.'s (S&L) evaluation of proposals submitted in response to S&L Specification 12255-012-06, Above and Below Grade Installation Specification for the Expansion of the Caron Road Substation 1 Project. Bid packages were received from Hooper Corporation, Michels Power and Meade Industries.

Scope of Supply

The scope of work as identified in the specification requires the contractor to perform the above and below grade construction and installation for the new 138kV and 13.8kV facilities being added to the substation.

The proposal prices for the above grade work are summarized below:

<u>Bidder</u>	<u>Lump Sum Price</u>
Hooper Corporation	\$1,028,017.00
Michels Power	\$1,094,087.30
Meade Industries	\$1,892,340.00

Evaluation

S&L's evaluation of the proposals includes review of the cost, schedule, clarifications, and terms and conditions. Since there was a high variance in price between Meade Electric and the other two bidders, we have focused our evaluation efforts on the Hooper Corporation and Michels Power proposals.

We have reviewed the clarifications provided by both bidders and found them to be acceptable. In addition, both bidders can meet the proposed schedule. We find both bidders to be technically acceptable. Hooper was the successful contractor for the initial construction of the New Caron Road Substation.

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Terms and Conditions:

All of the bidders provided minor comments to the RMU's General Conditions for Erected Materials and Equipment, and Labor Contracts (Form 305) and the Special Conditions information. These comments will be resolved during contract negotiations.

In addition to the base scope of work for the above and below grade specification, the specification includes a requirement for the bidders to provide a separate price for 350 hours of Testing Assistance, for which Hooper provided an estimated cost of \$43,700.00 while the Michels quote is \$65,173.76. Hooper is still the low bidder when including the testing support.

The proposal also requested additional pricing for additional cable pulling, terminations, and testing support, S&L recommends that RMU budget for an "allowance" should additional work be required. Our estimate of this "allowance", in accordance with each bidder's proposal is broken down as follows:

Hooper

Item	Allowance
The proposal includes an additional man hour cost of 3 hours for the pulling and termination of additional cables. The per unit hour rate is \$175.33.	Estimated at 40 hours for pulling and terminating additional cables at a rate of \$175.33, or \$7,013.20
The proposal includes an additional cost of \$125/hr for additional testing support that exceeds 350 man hours.	Estimated at 100 hours at a rate of \$125, or \$12,500
Total Allowance	\$20,000

Michels

Item	Allowance
The proposal includes an additional man hour cost for every hour to pull 100' of control cable at a cost of \$202.68.	Estimated at 40 hours for pulling additional cables at a rate of \$202.68 or \$8,107.20.
The proposal includes an additional man hour unit of .2 hrs to terminate each additional 600V termination at a cost of \$43.65 termination. (1 hr of terminations is equivalent to \$218.25)	Estimated at 40 hours for terminations at a rate of \$43.65, or \$8,730.
The proposal includes an additional cost of \$186.20/hr for additional testing support that exceeds 350 man hours.	Estimated at 100 hours at a rate of \$186.20, or \$18,621
Total Allowance	\$35,500

Additionally, Michels proposed an alternative route to the secondary of the transformers. The route would utilize the eastern maintenance drive between New Caron and Old Caron Road Substations. The proposed route came with a reduction of the overall bid amount of \$95,637.60. Engineering evaluated the option and found no technical exceptions. This option would slightly increase the material costs as incurred by RMU for the 15kV cable. It is estimated that the total increase in material costs for the new route is \$17,000.

Comparative Bid Prices

<u>Bidder</u>	<u>Lump Sum Price</u>
Hooper Corporation	\$1,028,017.00
Michels Power	\$1,015,449.70*
Meade Industries	\$1,892,340.00

*- includes the estimate of \$17,000 for additional cable.

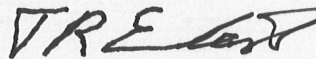
Recommendation

Michels has provided the lowest cost bid, has taken no unacceptable exceptions to the specification, and has indicated that they can meet the required schedule. Therefore, it is our recommendation that Michels be awarded the work.

It is S&L's recommendation that Michels Corporation be awarded the contract in the amount of \$998,449.70, which is below the estimated cost for this work. In addition, we recommend that RMU budget for an "allowance" of \$35,500 based on the discussion above. Note that this allowance is not to be included in the recommended contract award price.

If you have any questions or want to discuss this matter, please call Michelle Hack at (312) 269-6950 or Zafar Ashrafi at (312) 269-3565.

Yours very truly,



Thomas R. Eisenbart
Project Director

MLH/TRE:dg
cc: M. S. Zar
cc: Z. Ashrafi
cc: R. Mrozek