



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of March 9, 2026

Title/Subject

Resolution 2412: Approving award of a contract for purchase and installation of backup power generators for the Regional Water System.

Summary

This resolution authorizes award of a contract for purchase and installation of backup power generators on the Regional Water System to Neuman Electric, Inc.

Background

The Regional Water System pulls such large quantities of water that installing storage facilities is financially impractical. However, the system has never included backup power generation facilities at either the intake pump station, or the treatment works. This means that in the event of power failure, water stops flowing to multiple large industrial customers.

Subsequent to many years of discussions with the users, the users group agreed in 2024 to proceed with paying for installation of backup generators by levying a short-term assessment on themselves proportionate to their nameplate capacity within the system. The RWS engineers estimated the cost of this project to be \$5,015,000, and the RWS pro-rated that over the course of 36 months, and began collecting proportionate shares from each of the users in early 2025. The share of cost that each user is therefore covering is:

- Amazon Web Services: 50.8% \$2,550,000
- Calpine: 18.9% \$950,000
- Hermiston Generating: 16.9% \$850,000
- City of Hermiston: 13.3% \$665,000

Design has been completed, and the job has been bid, with bids opened on March 3, 2026 as follows:

- Neuman Electric, Inc.: \$3,955,000.00
- Rotschy, Inc.: \$4,572,668.29
- C&E Trenching: \$4,904,368.16
- *Engineer's Estimate:* \$5,060,000.00

- Apex Mechanical, LLC: \$5,501,000.00

Tie-In to Council Goals

Goal 3- CITY FACILITIES: PUBLIC FACILITIES THAT MEET THE COMMUNITY NEEDS OF TODAY AND THE FUTURE

Fiscal Information

The low bid from Neuman is approximately 20% below the original engineer's estimate which was used for beginning to collect short-term assessments from the customers. It is not recommended to change the monthly collections at this point, as potential change orders are always a possibility. City Staff will continue to monitor the situation, and make recommendations as appropriate, but suffice to say, this is a good position to be in.

The City of Hermiston Water Utility was on the hook for 13.3% of the cost of the project, at an original estimate of \$665,000. This amount was subsequently awarded to the City via Congressionally Designated Spending, courtesy of Senator Merkley. Again, as costs may rise throughout the project, staff will continue to monitor and make recommendations; however, if the City's actual costs come in below the \$665,000 CDS award, it is possible that staff may be able to pursue some reimbursement through that source to cover administrative overhead costs of delivering this project as the operator of the RWS.

Alternatives and Recommendation

Alternatives

1. Approve Resolution 2412
2. Reject Resolution 2412
3. Table Resolution 2412

Recommended Action/Motion

Approve Resolution 2412

Submitted By:

Mark Morgan