

# **Socorro Electric Coop, Inc.**

## **RFP #20211001 – Request for an Integrated Supply Agreement**

**October 2021**

**Due Date: October 22, 2021 AT 4:00 PM MT**

**To Be Received By:**

**Joseph Herrera  
Socorro Electric Coop, Inc.  
215 E. Manzanares Avenue  
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## **INTRODUCTION AND BACKGROUND**

### **ISSUING OFFICE**

This Request for Proposal (RFP) is issued by:

**Socorro Electric Coop, Inc.  
215 E. Manzanaras Avenue  
P.O. Box H  
Socorro, New Mexico, 87801**

Point of contact for this RFP will be:

**Joseph Herrera  
Socorro Electric Coop, Inc.  
215 E. Manzanaras Avenue  
P.O. Box H  
Socorro, New Mexico, 87801  
575-835-0560**

**[jherrera@socorroelectric.com](mailto:jherrera@socorroelectric.com)**

### **INTRODUCTION**

Socorro Electric Coop, Inc. ("SEC") is soliciting proposals from vendors experienced and pre-qualified in providing Distribution Materials and Services as part of a strategic business arrangement with one or more suppliers. The overall goal of the program is to minimize total costs for SEC's customers. SEC envisions working with the successful suppliers in a cooperative effort of continuous improvement over the term of the agreement to minimize lead time, improve product quality and reduce costs.

SEC is hereby contacting prospective vendors who have an interest or are known to also do business relevant to this RFP. All interested individuals or firms who were not contacted are invited to submit a proposal in accordance with the conditions and dates set forth herein.

Socorro Electric Cooperative is a member-owned electric utility, serving over 13,000 consumers in Socorro, Catron, Valencia, Sierra and Cibola counties in central New Mexico.

### **OBJECTIVE OF REQUEST FOR PROPOSAL**

The objective of this RFP is to provide sufficient information to enable qualified Respondents to submit written proposals. The RFP is not a contractual offer or commitment to purchase products or services. All information must be legible. The contents of the proposal submitted by the successful Respondent of the RFP may become part of any contract awarded as a result of this solicitation.

## **SUBMISSION OF PROPOSAL**

Respondents are requested to submit one (1) e-mail copy of the proposal in PDF format. The proposals must be received no later than the date and time shown on the cover of this RFP. Responses should be sent to:

[jherrera@socorroelectric.com](mailto:jherrera@socorroelectric.com)

Any proposals received after the deadline will be returned unopened. All proposals become the property of SEC. The content of all proposals will be kept confidential.

Proposals may be withdrawn or modified in writing prior to the proposal submission deadline. Proposals that are resubmitted or modified shall be re-submitted via email to the SEC General Manager prior to the proposal submission deadline.

## **AWARD OF CONTRACT**

Contract(s) may be negotiated with contractor(s) whose proposal is determined to be most responsive to SEC's needs and most advantageous to SEC, considering all factors based on the criteria described herein, all as solely determined by SEC. Award of contract may be made without discussion after proposals are received. Proposals should, therefore, be submitted initially on the most favorable terms. SEC reserves the right to reject any or all proposals and to award contract in whole or in part. Initial contract term will be for a period of five years.

## **ADDENDA TO THE REQUEST FOR PROPOSAL**

If it becomes necessary to revise any part of this RFP, an addendum will be provided to all Respondents who have indicated intent to respond.

## **REQUESTS FOR INFORMATION**

The Request for Proposal (RFP) contains the instructions governing the proposals to be submitted and the material to be included therein; mandatory requirements which must be met to be eligible for consideration; and other requirements to be met by each proposal.

All communication regarding this Request for Proposal, including requests for clarification or additional information regarding submission shall be directed in writing and/or via e-mail to:

**Joseph Herrera**  
**Socorro Electric Coop, Inc.**  
**215 E. Manzanares Avenue**  
**P.O. Box H**  
**Socorro, New Mexico, 87801**  
[jherrera@socorroelectric.com](mailto:jherrera@socorroelectric.com)  
**575-835-0560**

All technical questions must be received in writing (or e-mail) a minimum of five (5) calendar days prior to the proposal submission date. All timely requests shall be responded to in writing by SEC in the form of a written addendum addressed to all prospective Respondents to seek clarification.

## **RESPONDENT RESPONSIBILITY FOR PROPOSAL COSTS**

SEC is not liable for any cost incurred by Respondent associated with the preparation of a proposal or the negotiation of a contract for services prior to the issuing of the contract; nor shall it be responsible to any successful bidder for any costs associated with the preparation of a proposal or the negotiation of a contract for services.

## **ECONOMY OF PROPOSALS**

Vendors must submit a complete and concise response to the RFP on all materials, which they are capable of providing. All proposals received in response to this RFP will be retained by SEC. Proposals should be prepared simply and economically, while providing complete details of the contractor's abilities to meet the requirements of this RFP.

## **PROPOSALS BINDING**

Respondents are advised that proposals shall be binding upon the Respondent for ninety (90) calendar days from the proposal due date. A Respondent may withdraw or modify their proposal any time prior to the proposal due date by a written request.

## **RESPONDENT QUALIFICATIONS**

Respondents shall be required to be previously qualified with SEC to supply Distribution Materials and Services and to submit evidence of past satisfactory performance.

Each Respondent may additionally be required to show that they have satisfactorily provided products and performed similar work in the past and that no claims of any kind are pending against such work. No proposal will be accepted from a Respondent who is engaged in any work, which would impair their ability to perform or finance this work. All such work shall be revealed in the Proposal.

No proposal will be accepted from, nor will a contract be awarded to, any Respondent who is in arrears to SEC, upon any debt or contract, or who is in default, as surety or otherwise, upon any obligation to SEC or is deemed to be irresponsible or unreliable by SEC.

## **NOTIFICATION**

Each Respondent submitting a proposal in response to this RFP will be notified in writing as to acceptance or rejection of their proposal. SEC plans to release such letters within ninety (90) days of the proposal submission date. SEC may delay this action if it is deemed to be in the best interests of SEC.

## **RIGHT TO REJECT PROPOSALS AND NEGOTIATION**

SEC reserves the right to reject any and all proposals and to waive any informalities in proposals received, to accept or reject any or all of the items in the proposal, and award the contract in whole or in part, if it is to be in SEC's best interest. Additionally, SEC reserves the right to negotiate any and all elements of the proposal, if such action is deemed in the best interest of SEC.

## **AUTHORIZATION TO PUBLISH**

Throughout the term of this RFP, prospective Respondents must secure from SEC written approval prior to their release of any verbal or written information to third parties that pertains to potential work or activities covered by this RFP. Failure to adhere to this clause may result in disqualification of the Respondent.

## **TAXES ARE APPLICABLE**

Any equipment provided to SEC as a result of this proposal is not tax exempt.

## **SELECTION PROCESS**

A proposal evaluation team will judge the merit of all proposals received in accordance with the general evaluation criteria listed below. Failure to provide any of the information requested may result in the proposals being removed from further consideration.

The proposal evaluation team may, at its discretion, request presentation or facilities visits of Respondents.

## **PROPOSAL INSTRUCTIONS AND OUTLINE**

Respondents shall review the following Scope of Work and respond to the following question that follows, following the format provided in the Section outline.

### **Vendor Assumptions**

- Spend: \$1.4M annually for all materials in scope (all direct materials, less obsolete)
- Applicable Inventory: \$800K
- Four Construction Work Plan estimated at twenty-six million dollars
- Logistics Service all three service centers (Socorro, and Quemado)
- On-Site support: At least one warehouse supervisor level employee, project materials management of major construction projects.
- Inventory: Consignment model - Vendor will be required to purchase existing SEC inventory.
- IT: True seamless integration between vendor ERP and SEC ERP system ("SEDC").

## **Section 1: Warehousing**

1. SEC would want to explore the possibility to have the vendor/partner provide staffing of warehousing onsite. Please describe your company's ability to accomplish that and what investments your company is willing to make, not only on Socorro EC's behalf, but the community of Socorro, New Mexico.
2. Please describe the level of experience and expertise that an onsite employee (s) would have relative to the utility industry. What do you perceive as this person's role?
3. Describe your experience and approach to managing and operating a warehouse? What is the most consistent way to manage a coop warehouse so that construction materials are available when needed? Please provide specific information on your ability to manage inventory and system information to effectively provide construction materials at 95% or better fill rate.
4. Does your company have experience in designing warehouse facilities? Would vendor be willing to invest in racking, shelving, Smart Drawers, SupplyBay/locker, supply scanner and warehousing equipment needed to operate and manage the warehouse? If so, how much and for what period of time? Also, please give Socorro an example of your racking and general warehouse layout capabilities (only provide in PDF format).
5. Please provide an overview of your key software applications relevant to Warehouse Management? Does your solution allow for bar coding and scanning of product? If so, do you use bar-coding and scanning in your own facilities, please provide examples and pictures of your own locations and how you use bar-coding technology to maximize efficiency.
6. Do you offer consignment programs? If so, what type of program would benefit Socorro the most and why? How would the inventory and materials management process work?
7. SEC's preference is for the supplier to have presence in New Mexico. Please describe your current location (s) of resources and facilities that would be used to provide materials and services. Include where and how many warehouses your company has to service our territory.

8. Material and equipment on-site project management of major projects such as substation, transmission and distribution material control to SEC contractor. Describe your experience and approach to managing the tracking and assignment of such material equipment to SEC contractors?

## **Section 2: Systems Integration Capabilities**

1. Please submit a customer reference list where you have integrated with the SEDC ERP operating platform at other Electric Cooperatives.
2. Please also explain the level of integration at each cooperative and key contact (s). Please Note: SEC will not accept flat file feeds exchange as an appropriate reference for integration. You must be fully integrated with a current electric cooperative customer and be able to illustrate those applicable examples.
3. Explain your general integration capabilities with SEDC? What benefits can your company provide in a full integration with SEDC at Socorro? What resulting cost savings would SEC realize?
4. Please explain how integrating with your company's ERP system will not require SEC to replace or upgrade our current SEDC system.
5. Please provide relevant process maps (in PDF format) explaining your experience in integrating with SEDC?
6. Please provide an existing customer example of a flat file exchange document/template (in excel) which you transfer Work Order charge out info and Invoicing (please include appropriate RUS FORM 7 GL account numbers, etc).
7. Who is your firm's technical contact at SEDC?
8. In your other SEDC implementations and environment, explain how the customer has system access to your inventory availability due to a consignment model configuration?
9. Indicate whether SEDC will have "visibility" into your inventory system for materials held at the warehouse established under this contract. Describe what functionality your system may have (if any) for SEC's use in planning / tracking work.

10. Describe the capability of your IT organization to interface with SEC's systems and to develop interfaces to transfer necessary information (including Material Requests, returns to inventory, job work order accounting, non-standard reports, invoices and similar information). Indicate any of your existing technology that might be used to facilitate these interfaces with SEC.
  
11. How many utility industry specific Information Technology associates do you have employed within your organization and please give their experience level. How will your IT staff work with the SEC and SEDC technical staff?
  
12. Describe how you handle IT interfaces. What data do you exchange with work management systems, General Ledger and logistics software? How is project cost (costs associated with individual client work requests) communicated to the client?

**Section 3: Onsite support**

1. Please explain the level of experience your dedicated Alliance Manager will have for SEC.
  
2. Provide contact information of the individual who would serve as Socorro Electric Coop's primary dedicated Alliance Manager:

<b>Contact Name:</b>	
<b>Cell Phone No:</b>	
<b>Email Address</b>	
<b>Experience Description</b>	

3. Describe how your company provides customer service/support to its customers so that a 95% fill rate is obtained?
  
4. Describe your company's process for customer service support after normal business hours.



5. How long (in hours) would it take you to provide materials to our locations if we contact you after normal business hours?
  
6. Please explain your company's freight plan for items directly shipped from warehouse and items that go through your warehouse to Socorro Electric Coop

#### **Section 4: Inventory Management**

1. Please provide an initial stocking strategy for initial ramp-up of inventory to prepare for transition to one supplier and a long-term strategy to maintain necessary inventory levels to support the Cooperative's operations.
2. Does your company offer value added programs related to Inventory Optimization (i.e., VMI, dedicated Inventory, etc).
3. How will you ensure that SEC has visibility to your stocking level or inventory parameter changes?
4. How does your firm recommend SEC manage Minor Materials from an inventory management, materials management and SEDC IT perspective?
5. How would your firm propose we manage the SEC inventory transition process from current state (SEC owned) to future state (Vendor/Firm owned)?
  - a. Would your firm be able to purchase our existing inventories? If so, please explain technically how this would work to ensure 95% fill rate and 95% On Time and Complete during the transition.
  - b. SEC may not want your firm to purchase our existing inventory, but instead manage an inventory "bleed-off" process and transition into consignment over time. How would your firm execute this process from an inventory and IT system perspective while also ensuring a 95% fill rate and 95% On Time and Complete ratios?

#### **Section 5: Materials Management**

1. Please define your Materials Management process. Please include a process map with a detailed layout of how the material will flow to a construction project.
2. Explain how you will work with contractors to manage inventory levels and how you will act as the Gatekeeper for inventory control on behalf of SEC?

3. Explain contractor support functions, for example kitting specific work orders for contractors and making deliveries to job-sites.
4. What is your standard lead time in days to process, pick and ship to Socorro Electric Coop Contractor locations?
5. Can you facilitate Contractor pick up of the orders at your location? If yes, what standard lead-time would be required to do so?
6. Can you provide monthly reporting in excel format of all items issued to Contractors regardless of whether shipped to or picked up?
7. Please describe bidder's delivery process including pre-delivery inspections, carriers, and shipment conditions.

#### **Section 6: Pricing Structure**

1. SEC prefers a Cost Plus pricing structure. What Gross Product Margin percent (i.e. XX.X% gross product margin) do you propose to operate the SEC model on, based on the service components as noted above?
2. What is the cost basis for the product Gross Product Margin percent (Weighted Average Cost, Unit Book Value, etc)?
3. If chosen, what cost basis would you use to purchase SEC's existing inventories?
4. What mechanism does your company have to ensure SEC that the cost basis for all associated product transactions does NOT have any operating expenses (in-bound freight, outbound freight, etc)?
5. Please give us an example of a Socorro Pro Forma income statement that accurately reflects all costs associated with this model and the applicable product margin percent.

6. What is your targeted Earnings Before Interest and Tax “EBIT” (WITH Depreciation and Amortization) margin percent for the SEC agreement? What actions would your company take, if after one year, you are not earning your targeted EBIT margin percent? During the same period, what happens if you earn more than the targeted EBIT margin percent?
7. What volume incentives (patronage/capital credits are NOT acceptable) is your company offering to SEC?
8. What mechanism does your company have to ensure SEC they are receiving the most competitive cost?
9. What value to SEC do you include for the sole use of 800 sq.ft. warehouse, forklift and assist with off loading delivered materials/equipment?

#### **Section 7: Manufacture Support**

1. SEC will absolutely not tolerate firms/vendors who support SEC by bringing in material from out of state which you are not authorized to sell. We believe this is a violation of many covenants set forth by the manufacturing community (warranty liability, return policies, etc). To that end, what manufacturing lines are you franchised for, which can be sold to SEC which are purchased and shipped from your New Mexico branch location? Please note, we will validate your responses directly with the manufacturing community.
2. Is your firm authorized to represent, stock locally and sell Aclara Technologies, LLC meters and associated technology? If so, please provide a letter from Aclara Technologies, LLC stating your ability to sell this technology to SEC.

## **Section 8: Transparency**

1. Is your company willing to have an "open book" relationship with SEC?
2. What Audit rights would SEC have to your transaction records, balance sheets, income statements and the like?
3. If so, describe what open book means to you and provide an example of your income statement that will be used as part of the financial review.
4. What is the proposed frequency of income statement review reviews?

## **Section 9: Reporting**

1. Please describe the type of report you typically use to measure performance and the frequency of the issuance of the report (e.g. weekly, monthly)? Please provide an example of this report?
2. Please provide your definition of "on-time delivery rate"? Please provide your definition for Fill Rate?

## **Section 10: Project Management**

1. Who from your firm will be responsible for managing the entire integration and implementation process from start to finish? Please provide their credentials in regards to project management experience.