

EXHIBIT A

FAYETTEVILLE PUBLIC WORKS COMMISSION ANALYSIS OF RECOMMENDATION

TO: Marion J. Noland, Interim CEO/General Manager

DATE: December 6, 2022

FROM: Trent K. Ensley, Procurement Manager

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This bid is for the purchase of three (3) transformers. The initial lowest apparent bid submitted by Transformer & Rectifiers (India) Limited should be rejected as non-responsive due to the bidder's failure to provide a bid bond as required by the bid documents. It is further recommended that the Commission reject the bid submitted by the next lowest apparent bidder, being Fleming Electric, Inc., as not being in the best interest of PWC based on the location of its manufacturing facility, the differences between failure rates between it and the next bidder, and the anticipated delivery time. PWC reserved the right to reject any bid for any reason determined by the Commissioners to be in the best interest of PWC, as permitted by North Carolina law. (Provision 6.1 of bidding documents). Therefore, it is recommended that the Commission reject Fleming Electric, Inc.'s bid and award the bid to Virginia Transformer Corp.

The bidding documents included the following provision and notice to prospective bidders:

- 6.7. While PWC will evaluate bids from manufacturers located outside of North America, in the event that PWC has not made a previous purchase from a manufacturer that submits a bid, PWC may need to take appropriate actions it deems necessary to verify the bidder's manufacturing process, factory facility conditions, and assess any logistical issues before proceeding with any purchase, which may be considered in the evaluation process.

The bidding documents also advised bidders that "Equipment delivery date" was PWC's foremost evaluated criteria in addition to the prices quoted in a bid.

Fleming Electric, Inc.'s bid provides that the transformers will be manufactured at a facility located in Cordoba, Argentina. PWC has not made any purchases from the facility and the Electric Support Services Department, which is the purchasing department for this bid, is not otherwise familiar with the facility. The Department confirmed that it does not have the current resources, including personnel availability issues, to travel to Argentina in order to inspect the facility, observe its processes, and determine whether the facility can provide transformers that meet PWC's standards. Compounding the concern to be able to thoroughly

investigate and approve the facility and its processes at a reasonable cost is that the manufacturing facility has a 2% failure rate of its last 100 power transformers at the factor testing. While not a determining factor alone, the failure does present a concern as PWC is not able to evaluate the manufacturing facility.

The next lowest bidder, Virginia Transformer Corp., has its manufacturing facility located in Roanoke, Virginia and reported a 0% failure rate of its last 100 power transformers at factory testing. PWC has made past purchases from Virginia Transformer Corp. without issue and has purchased a similar model transformer from the company as the one quoted for in this bid. Virginia Transformer Corp.'s quoted price is for the 3 transformers is \$4,596,699.00, which is just \$19,749.00 more than Fleming Electric, Inc.'s quoted price of \$4,576,950.00. The price difference is .4% of Fleming Electric, Inc.'s total bid price.

Lastly, Fleming Electric, Inc. provided estimated delivery dates of 68-77 weeks from the date of order, while Virginia Transformer Corp. estimated 50-55 weeks. PWC staff views the difference in delivery times of 18-27 weeks as significant in view of current market conditions, supply chain delays and disruptions, and PWC's need for the transformers.

Given the aforementioned differences in failure rates, production risks, and delivery times, which are not sufficiently offset by the nominal price difference between the bids, PWC staff recommends that the Commission reject Fleming Electric, Inc.'s bid and award the contract to Virginia Transformer Corp. because such action is in the best interest of PWC.