

August 17, 2015

TO: HONORABLE MAYOR AND CITY COUNCIL

THROUGH: MUNICIPAL SERVICES COMMITTEE (AUGUST 11, 2015)

FROM: WATER AND POWER DEPARTMENT

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH E.E. ELECTRIC, INC. FOR ELECTRICAL CONSTRUCTION RELATED TO THE INSTALLATION OF ELECTRICAL EQUIPMENT FOR THE WATER AND POWER DEPARTMENT.

RECOMMENDATION:

1. Find that the proposed action is categorically exempt pursuant to the guidelines of the California Environmental Quality Act ("CEQA") Public Resources Code §21080(b)(9); Administrative Code, Title 14, Chapter 3, Class 1 §15301 (Existing Facilities) and Class 2 § 15302 (Replacement or Reconstruction); and
2. Accept the bid dated June 9, 2015, submitted by E.E. Electric, Inc. in response to Specifications LD-15-01 for the electrical construction of overhead, underground and substation electrical conduit systems for the Water and Power Department ("PWP"); and
3. Reject all other bids for electrical construction; and
4. Authorize the City Manager to enter into a contract with E.E. Electric, Inc. for a period of four (4) years or until \$12,000,000 is expended, whichever occurs first, with one (1) additional one-year extension not to exceed \$3,000,000.

MUNICIPAL SERVICES COMMITTEE RECOMMENDATION:

On August 11, 2015, the Municipal Services Committee recommended that the City Council authorize the City Manager to approve the recommended contract with EE Electric.

BACKGROUND:

PWP requires the use of electrical contractors to supplement City electrical crews as needed to complete electrical capital improvement projects related to the City's electrical infrastructure.

On May 14, 2015, a Notice Inviting Bids was issued for Specifications LD-15-01 for electrical construction of overhead, underground and substation electrical conduit systems

and fiber optic cable installation. The notice was published in *The Pasadena Journal* and posted on the City's web page. In addition, specifications were mailed to thirty-three businesses on the Purchasing Division's vendor list. Eleven bidders attended the pre-bid meeting. Prospective bidders were allowed to bid on one or both items (electrical construction and/or fiber optic cable installation).

On June 9, 2015 two responsive bids for electrical construction were received in the City Clerk's Office. A third bid was not accepted because it was not provided by the 11:00 a.m. deadline. The following summarizes the bids received for electrical construction.

| BIDDERS/LOCATION | ITEM (A) OVERHEAD | ITEM (B) UNDERGROUND | ITEM (C) SUBSTATION | GRAND TOTAL |
|-----------------------------------|------------------------------|---------------------------------|--------------------------------|------------------------|
| E.E. Electric / Mira Loma, CA | \$3,251,539.20 | \$1,772,940.00 | \$973,112.40 | \$5,997,591.60 |
| Henkels and McCoy / Pomona, CA | \$3,938,025.00 | \$2,124,070.00 | \$905,736.00 | \$6,967,831.00 |

No bids were received for performing both electrical construction and fiber optic cable installation. A recommendation regarding the bids for the fiber optic cable installation will be presented to the Council by the Department of Information Technology.

The bid submitted by E.E. Electric for electrical construction is the lowest responsive bid. Following the initial contract period of four (4) years, the Contractor may request annual price increases, but the increase in prices cannot exceed the increase in the Consumer Price Index ("CPI") for the Los Angeles County-Riverside-Orange County area for the most recently available 12-month period.

Staff recommends award to E.E. Electric, Inc. for an amount not to exceed \$12,000,000 for the initial period of four (4) years and an optional extension of one (1) year for \$3,000,000 to be exercised when the initial period has expired or when additional funds are needed, whichever comes first. The recommended not to exceed amount reflects staff's estimate of maximum amount of work that may be required over the course of a four year term plus a one year extension, including provisions for extraordinary services that may be required to safeguard the City in the event of a major disaster affecting the electric distribution system. These estimated expenditures were developed based on the unit pricing submitted by E.E. Electric, Inc. in their bid. Annual expenses for the proposed contract are not expected to exceed \$3,000,000 unless there is some major unforeseen emergency work. The actual payments will be based on the amount of work requested by PWP and satisfactory performance of the contractor. The contract does not guarantee any minimum level of work or compensation over the term of the proposed contract.

The proposed contract complies with Competitive Bidding and Purchasing Ordinance P.M.C. Chapter 4.08 and the rules and regulations promulgated thereunder.

The International Brotherhood of Electrical Workers ("IBEW"), the union representing the City's electrical workers, has agreed to contracting out this work. E.E. Electric, Inc. has previously been awarded three (3) electrical construction contracts:

Contract with E.E. Electric, Inc. for Electrical Construction

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| Approval Date | Contract Number | Description | Authorized Amount | Amount Spent |
|---------------|-----------------|--|-------------------|--------------|
| 9/9/2013 | 21,534 | Elec. Construction for Underground Conduit at City Yards | \$130,000 | \$117,760 |
| 6/9/2008 | 19,664 | Elec. Construction for Underground | \$6,000,000 | \$4,983,619 |
| 6/9/2008 | 19,646 | Elec. Construction for Overhead | \$6,000,000 | \$3,859,594 |
| Totals | | | \$12,130,000 | \$8,960,973 |

COUNCIL POLICY CONSIDERATION:

The proposed contract supports the Council's goal to improve, maintain and enhance public facilities infrastructure.

ENVIRONMENTAL ANALYSIS:

The proposed contract is exempt from CEQA pursuant to the State CEQA Guidelines Sections 15301 and 15302. Section 15301 (Existing Facilities) exempts actions (such as maintenance, repair, operation etc.) relating to existing facilities or structures where there is negligible or no expansion of the use. Section 15302 (Replacement or Reconstruction) exempts the replacement and/or reconstruction of existing facilities or structures including utility systems and/or facilities involving negligible or no expansion of capacity. The proposed work will provide needed repairs or new construction necessary to maintain existing electrical infrastructure and operational flexibility.

FISCAL IMPACT:

The maximum cost of this action is \$15,000,000. The contract will be for an amount not to exceed \$12,000,000 for the initial four (4) years with an optional one (1) year extension for \$3,000,000. Funding for this action will be addressed by the utilization of budgeted appropriations in the Power Fund 411 for the following Capital Improvement Projects:

| CIP Number | Description |
|------------|--|
| 3033 | New Feeders and Communication Circuits |
| 3034 | Distribution System Life Cycle Management |
| 3090 | Switchgear Upgrades |
| 3137 | Cable Replacement and Testing |
| 3161 | Distribution Capacity and Reliability Sustaining Program |
| 3191 | 4kV Distribution System Conversion |

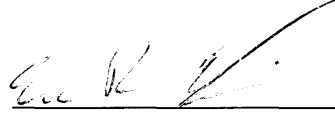
Management staff in the Power Delivery Business Unit will monitor spending against this contract. Work will not be authorized under this contract unless sufficient funding is available each fiscal year in the appropriate capital and operating budgets.

The anticipated impact to other operational programs and capital projects as a result of this action will be minimal.

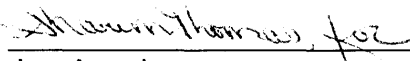
The following table represents a contract summary:

| | Initial Term (4 Years) | Year 5 |
|---|-------------------------------|---------------------|
| Not to Exceed | \$12,000,000 | \$3,000,000 |
| Contingency | \$0 | \$0 |
| Contract Total | \$12,000,000 | \$3,000,000 |
| Admin/Inspection | \$600,000 | \$150,000 |
| Fiscal Impact | \$12,600,000 | \$3,150,000 |
| Total Fiscal Impact Over 5-Years | | \$15,750,000 |


Respectfully submitted,


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