

# Agenda Report

October 19, 2015

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH ONE SOURCE DISTRIBUTORS TO FURNISH AND DELIVER MISCELLANEOUS ELECTRIC UTILITY MATERIALS FOR THE PASADENA WATER AND POWER DEPARTMENT**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed contract is exempt from the California Environmental Quality Act ("CEQA") pursuant to the State CEQA Guidelines Section 15301(Existing Facilities); and
2. Accept the bid dated October 6, 2015 submitted by One Source Distributors ("One Source") in response to Specifications LD-15-06 to furnish and deliver miscellaneous electric utility materials for the Water and Power Department ("PWP"); and
3. Reject all other bids; and
4. Authorize the Purchasing Administrator to enter into a purchase order contract with One Source for an amount not to exceed \$3,700,000 for a period of one year, with one optional one-year extension, not to exceed \$3,000,000.00, for a total maximum expenditure not to exceed \$6,700,000; staff will request approval from the City Manager for the optional one-year extension after the initial \$3,700,000 has been expended, or after the initial one-year period ends, whichever comes first, provided the vendor has performed satisfactorily

## **BACKGROUND:**

Through the normal course of providing electrical service to its customers, PWP requires a variety of parts, material and equipment for the electrical distribution system.

PWP uses a number of long-term contracts with local suppliers to provide just-in-time delivery of various miscellaneous parts and equipment in order to reduce inventory maintained on-hand and manage costs.

Examples of the items purchased under this contract award are listed below.

Cable/Wire Connectors	Cutout Switches	Equipment Fuses	Vault Materials
Cable Splices	Disconnect Switches	Insulators	Voltage Regulators
Construction Tools	Electrical Conduit; PVC	Pole Top Materials	Wires for Poles

A Notice Inviting Bids was published in *The Pasadena Journal* and posted on the City's web page on September 11, 2015. In addition, specifications were sent to twenty-five businesses on the Purchasing Division's vendor list. Four responsive bids were opened on October 6, 2015, and the results are shown below.

<u>Vendor/Location</u>	<u>Bid Amount</u>
<b>* One Source, Garden Grove</b>	<b>\$3,649,672.12</b>
WESCO, Cerritos	\$3,826,022.24
One Source, Garden Grove	\$3,936,263.21
Anixter Power Solutions, Orlando	\$4,245,874.01

\* This bid reflects alternative items to name brand parts which was allowable under this specification, and as a result, provides a considerable cost saving to the City. Bids with alternative items were required to be designated as an 'Alternative' either as a combined bid or a separate bid.

It is recommended that the City Council authorize the issuance of a purchase order contract to One Source, a supplier of electrical supplies for neighboring utilities and municipalities.

The recommended not to exceed amount is based on the Department's expected workload and includes projected cost increases over the course of a one 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 One Source in their bid. The actual payments will be based on the amount of equipment procured by PWP and satisfactory performance by the vendor. The contract does not guarantee any minimum level of equipment procurement over the term of the proposed contract.

Approximately sixty days before the end of any contract period the Contractor may request changes in the Bid Schedule, provided that any proposed price increase does not exceed the percentage of the then applicable Producers Price Index (PPI). PPI is an index that focuses on products purchased by manufacturers such as parts and supplies that are used to produce other goods. Pricing is reviewed on a quarterly basis.

The Contractor agrees to treat the City as its most favored customer, in that all of the prices, warranties, benefits and other terms provided to the City are equivalent to or better than the terms being offered by the Contractor to its current customers.

One Source is a manufacturer's representative. The City has awarded several contracts to One Source for a variety of electrical equipment: Distribution transformers from Central Maloney and G.E./Prolec (\$6,442,000), load interrupter switches from S&C Electric Company (\$285,000), Arcflash protection from Schweitzer Engineering (\$285,000).

One Source received an award for miscellaneous electric materials for an amount of \$5,400,000 in 2010 (increased to \$5,850,000 on June 1, 2015).

The proposed contract is in compliance with Competitive Bidding and Purchasing Ordinance P.M.C. 4.08 and the rules and regulations promulgated there under.

**COUNCIL POLICY CONSIDERATION:**

The proposed contract supports the Department's Electrical Distribution System Master Plan authorized by the Council in 2005 to allow for replacement of aging infrastructure and ensure reliable capacity.

**ENVIRONMENTAL ANALYSIS:**

The proposed contract is categorically exempt from CEQA review pursuant to State CEQA Guidelines Section 15301 (Existing Facilities). The exemption covers the repair, maintenance, or minor alteration of existing public or private facilities, involving negligible or no expansion of the use.

**FISCAL IMPACT:**

The maximum total fiscal impact of this action is \$6,700,000. This amount represents the initial term of the contract and the optional one-year extension.

The proposed contract will have minimal impact on other operational or capital projects.

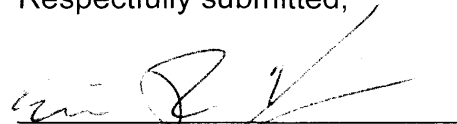
Funding for this action will be addressed by the utilization of existing budgeted appropriations in the Water and Power Department's Power Capital Fund Number 411 as follows:

Budget 3001	Services from Utility Underground System	\$700,000
Budget 3023	Services from Public Right of Way	\$400,000
Budget 3117	Wood Utility Pole Replacement/Reinforcing Program	\$200,000
Budget 3161	Capacity and Reliability Sustaining Program	\$1,000,000
Budget 3174	Utility Underground Districts	\$1,000,000
Budget 3191	4kV Distribution System	\$400,000
<b>Initial Term Projected Expenditure</b>		<b>\$3,700,000</b>

A Project Manager in the Power Delivery Business Unit of Water & Power will administer the contract. The following table represents a contract summary:

	<b>Initial Term</b>
Not to Exceed	\$3,700,000
Contract Administration	\$100,000
<b>Total Fiscal Impact of Initial Term</b>	<b>\$3,700,000</b>

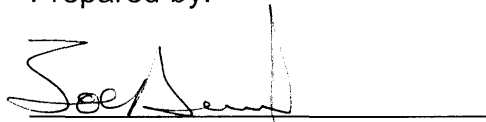
Respectfully submitted,



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Eric R. Klinkner  
Interim General Manager  
Water and Power Department

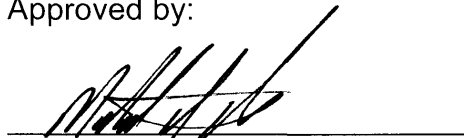
Prepared by:



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