

# Agenda Report

**To:** City Council

**Date:** June 11, 2007

**From:** City Manager

**Subject:** AUTHORIZATION TO ENTER INTO PURCHASE ORDER CONTRACTS WITH HOWARD INDUSTRIES, WESCO DISTRIBUTION, AND KUHLMAN ELECTRIC FOR THE FURNISHING AND DELIVERY OF DISTRIBUTION TRANSFORMERS FOR THE WATER & POWER DEPARTMENT.

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Accept the bid dated May 22, 2007 submitted by Howard Industries in response to Specifications LD-07-5, Item I: Internally Fused Underground Type Distribution Transformers, Item II: Modified Overhead Type Distribution Transformers, and Item III: 17kV/4kV Modified Overhead Type Distribution Transformers;
2. Accept the bid dated May 22, 2007 submitted by Wesco Distribution in response to Specifications LD-07-5, Item IV: Underground Commercial Distribution (UCD) Transformers, and Item VII: 17kV Single-Phase Overhead-Type Distribution Transformers;
3. Accept the bid dated May 22, 2007 submitted by Kuhlman Electric in response to Specifications LD-07-5, Item V: 4kV Underground Type Distribution Transformers, and Item VI: 4kV Overhead-Type Distribution Transformers;
4. Reject all other bids; and
5. Authorize the Purchasing Administrator to issue one time Purchase Order Contracts not to exceed \$1,077,922 for Item I, \$1,022,799 for Item II, \$690,015 for Item III, \$1,687,197 for Item IV, \$329,113 for Item V, \$176,496 for Item VI, and \$313,687 for Item VII.

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Purchase Order Contracts for Distribution Transformers  
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**BACKGROUND:**

Through the normal course of providing electrical service to its customers, the Pasadena Water and Power Department (Department) requires distribution transformers, needed to convert the Department's electrical distribution high voltage network to voltages that can be utilized by our customers.

On April 23, 2007 the City published Specification LD-07-5 in the Pasadena Star News and Bids on Line for the furnishing and delivery of various distribution transformers for the Department. Eight (8) companies received the Specifications. Bids were opened on May 22, 2007. Bids were received from six (6) companies; one (1) was partially non-compliant. The bid prices and the evaluated bid prices are listed in the table below.

	Bidder	<u>ERMCO</u>	<u>HD SUPPLY UTILITIES</u>	<u>HOWARD INDUSTRIES</u>	<u>KUHLMAN ELECTRIC</u>	<u>ONE SOURCE</u>	<u>WESCO</u>
ITEM I:	Bid Price	No Bid	No Bid	\$1,077,922.00	\$1,353,829.71	No Bid	No Bid
	Evaluated Bid Price			\$1,583,147.52	\$1,845,240.74		
ITEM II:	Bid Price	No Bid	No Bid	\$1,022,799.00	No Bid	No Bid	No Bid
	Evaluated Bid Price			\$1,989,519.56			
ITEM III:	Bid Price	No Bid	No Bid	\$ 690,015.00	No Bid	No Bid	No Bid
	Evaluated Bid Price			\$1,158,568.49			
ITEM IV:	Bid Price	No Bid	No Bid	\$2,613,869.00	No Bid	No Bid	\$1,687,196.41
	Evaluated Bid Price			\$3,484,548.50			\$2,385,566.25
ITEM V:	Bid Price	No Bid	No Bid	\$ 348,170.00	\$ 329,112.48	No Bid	No Bid
	Evaluated Bid Price			\$ 494,264.81	\$ 488,767.81		
ITEM VI:	Bid Price	\$195,884.87	\$ 135,284.60	\$ 257,472.00	\$ 176,495.13	\$ 276,037.50	\$ 243,203.11
	Evaluated Bid Price	\$398,467.08	\$ 408,820.91	\$ 448,082.45	\$ 387,908.94	\$ 407,532.09	\$ 409,621.38
ITEM VII:	Bid Price	\$329,967.65	\$ 314,583.16	\$ 302,100.00	\$ 267,474.93	Non-Compliant	\$ 313,686.85
	Evaluated Bid Price	\$596,273.44	\$ 570,887.07	\$ 627,985.48	\$ 552,031.25		\$ 542,230.02

The Evaluated bid prices include the price of the transformer and the cost of operating the transformer over a span of twenty (20) years. The evaluation to determine the cost of operating the transformer was based on the no-load and load losses data provided by the bidders as required in the Specifications.

The contracts are awarded to the responsive bidders with the lowest total Evaluated Bid Price for each item.

Howard Industries is the lowest evaluated and responsive bidder for Item I, Item II, and Item III; Wesco Distribution is the lowest evaluated and responsive bidder for Item IV, and Item VII; and Kuhlman Electric is the lowest evaluated and responsive bidder for Item V, and Item VI.

It is recommended that the City Council authorize purchase order contracts for the amounts shown in the table below with Howard Industries for Items I, II, and III; Wesco Distribution for Items IV and VII; and Kuhlman Electric for Items V and VI, on the basis of being the lowest bidders complying with the Specifications on each item respectively. The purchase order includes 8.25% tax added to the bid price for each item.

<b>Item No.</b>	<b>Amount Bid Price</b>	<b>Recommended Vendor</b>
I	\$1,077,922	Howard Industries
II	\$1,022,799	Howard Industries
III	\$ 690,015	Howard Industries
IV	\$1,687,197	Wesco Distribution
V	\$ 329,113	Kuhlman Electric
VI	\$ 176,496	Kuhlman Electric
VII	\$ 313,687	Wesco Distribution

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

The Department is moving aggressively to complete all major capital projects outlined in the Master Plan and continue to meet the needs of all residential and commercial customers. Authorization of the requested contracts will allow the Department to replenish its inventory of transformers, complete a number of capital and customer projects, and safeguard the integrity of the electric distribution system.

**FISCAL IMPACT:**

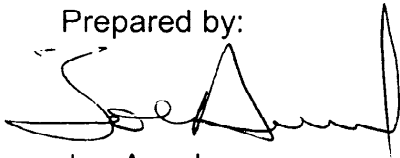
If these contracts are authorized, the Department will spend up to \$5,297,229 to purchase transformers. Sufficient funds are available in Fiscal Year 07 and 08 in the Operating Power Fund 401 and Capital Power Fund 411, in CIP #3161, Capacity and Reliability Sustaining Program and CIP #3191, 4kV Distribution System Conversion to cover the funding requested.

Respectfully submitted,



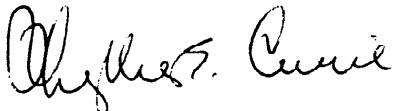
CYNTHIA J. KURTZ  
City Manager

Prepared by:



Joe Awad  
Business Unit Director  
Water and Power Department

Approved by:



Phyllis E. Currie  
General Manager  
Water and Power Department

Disclosure Pursuant to the  
City of Pasadena Taxpayer Protection Amendment of 2000  
Pasadena City Charter, Article XVII

Contractor hereby discloses its trustees, directors, partners, officers, and those with more than a 10% equity, participation, or revenue interest in Contractor, as follows:  
(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor Name: Howard Industries, Inc.

2. Name(s) of trustees, directors, partners, officers of Contractor:

Billy Howard
Linda Howard
Michael Howard
Stewart Gilchrist
Bill Burton

3. Names of those with more than a 10% equity, participation or revenue interest in Contractor:

Privately Held by Family
Billy Howard
Linda Howard
Michael Howard

Prepared by: \_\_\_\_\_

Title: Sales Manager

Date: May 22, 2007

For office use only
Contract No. _____

Disclosure Pursuant to the  
City of Pasadena Taxpayer Protection Amendment of 2000  
Pasadena City Charter, Article XVII

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than a 10% equity, participation, or revenue interest in Contractor/Organization, as follows:  
(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name: KUHLMAN ELECTRIC CORPORATION

2. Name(s) of trustees, directors, partners, officers of Contractor/Organization:

TOM MINNICH, CEO
JOHN BROOKS, CFO
JOHN ZVOLENSKI, CHAIRMAN
PAUL ACHESON, SENIOR VP OF OPERATIONS
BRIAN O'LEARY, SENIOR VP OF SALES AND MARKETING

3. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:

NONE. KUHLMAN IS A SUBSIDIARY OF THE CARLYLE GROUP.

Prepared by: DAVID FURDY

Title: PROPOSAL SPECIALIST, DISTRIBUTION TRANSFORMER  
DIVISION

Date: 18 MAY, 2007

For office use only: Contract/Transaction No. _____ If not a contract, type of transaction: _____
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Disclosure Pursuant to the  
City of Pasadena Taxpayer Protection Amendment of 2000  
Pasadena City Charter, Article XVII

Contractor hereby discloses its trustees, directors, partners, officers, and those with more than a 10% equity, participation, or revenue interest in Contractor, as follows:  
(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor Name:  
WESCO Distribution, Inc.

2. Name(s) of trustees, directors, partners, officers of Contractor:

Roy W. Haley Stephen A. Van Oss
Sandra Beach Lin William M. Goodwin
George L. Miles, Jr. Robert B. Rosenbaum
Steven A. Raymund Donald H. Thimjon
James Louis Singleton Ronald P. Van, Jr.
Robert J. Tarr, Jr. Daniel Brailer
Lynn M. Utter Marcy Smorey-Giger
William J. Vareschi Carl Hansen
Kenneth L. Way Al Duganier
John J. Engel William Cenk Tim Hibbard

3. Names of those with more than a 10% equity, participation or revenue interest in Contractor:

FMR Corporation

Prepared by: R. MARK MYERS

Title: CONTROLLER, WESTERN

Date: 10/26/04

For office use only
Contract No. _____