

Agenda Report

April 16, 2012

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH VIRGINIA TRANSFORMER CORPORATION TO FURNISH AND DELIVER ONE POWER TRANSFORMER FOR THE WATER AND POWER DEPARTMENT.

RECOMMENDATION:

It is recommended that the City Council:

1. Find that this action is exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act §15301 (Existing Facilities) and §15302 (Replacement or Reconstruction) and Public Resources Code §21080(b); and
2. Accept the bid, dated February 21, 2012 submitted by Virginia Transformer Corporation to supply a Power Transformer for the Water and Power Department (PWP); reject all other bids; and authorize a purchase order contract not to exceed \$821,852 to Virginia Transformer Corporation.

BACKGROUND:

PWP is in the process of upgrading the Hastings Substation to improve the reliability of the electrical distribution system. The improvements consist of replacing the existing 4 kV system with a 17 kV system with a new transformer and switchgear. The new transformer will use FR3 oil, which is less flammable and safer for the environment than the mineral oil used in older transformers. The switchgear will be purchased separately at a later time.

On February 2, 2012, a Notice Inviting Bids to Furnish and Deliver one Power Transformer was published in *The Pasadena Star News* and posted on the City's web page. In addition, specifications were mailed to seventeen businesses on the Purchasing Division's vendor list. Ten bids were opened on February 22, 2012. The bid results are as follows:

	<u>Bidder/Location</u>	<u>Bid Price</u>	<u>Total Evaluated Bid</u>
1.	Virginia Transformer Corporation / Roanoke, VA	\$747,138	\$953,851
2.	Shihlin Electric / Pasadena, CA	\$796,875	\$954,157
3.	CG Power System / Washington, MO	\$752,000	\$975,993
4.	Nexgen Power, Inc. / Torrance, CA	\$651,681	\$1,138,786
5.	HD Supply- Niagara / Corona, CA	\$912,272	\$1,145,063
6.	Fortune Electric / Hermitage, PA	\$880,217	\$1,160,031
7.	Delta Star / San Carlos, CA	\$960,433	\$1,175,993
8.	Howard Industries / Laurel, MS	\$988,229	\$1,289,589
9.	HD Supply-GE / Corona, CA	\$1,096,014	\$1,303,868
10.	One Source / Buena Park, CA	\$1,159,431	\$1,367,285

The lowest evaluated bid was determined by adding the bid price to the operating losses over the thirty-year life of the transformer. This is typical practice when purchasing electrical equipment and was described in the specifications. Operating losses result from the inefficiency of the transformer in converting power from 34kV to 17kV. Shihlin Electric's bid was reduced by 1% for having a local office and included in the evaluation.

Virginia Transformer Corporation submitted the lowest total responsive bid that met all of the requirements of the specifications and is recommended to receive the contract award for an amount not to exceed \$821,852. The total award includes the bid price plus a 10% contingency to cover any City-initiated necessary change orders. The purchase order contract includes transportation to the substation, installation, extended warranties, spare parts, and disposal of obsolete parts.

COUNCIL POLICY CONSIDERATION:

The proposed contract is consistent with the Public Facilities Element of the General Plan and supports the Council's goal to improve, maintain and enhance public facilities infrastructure; to provide a high level of public service which adds to the quality of life in the City and increase its attractiveness through more efficient management of resources; to provide cost effective and innovative management of the City's resources; and to implement capital improvements that will maintain and rehabilitate infrastructure.

ENVIRONMENTAL ANALYSIS:

The proposed contract is exempt under CEQA Guidelines Sections 15301 and 15302. Section 15301 (Existing Facilities) exempts actions such as maintenance, repair and operation relating to existing facilities, mechanical equipment, or structures where there is negligible or no expansion of the use. Section 15301(b) specifically identifies existing facilities of publicly-owned utilities used to provide electric power. Section 15302 (Replacement or Reconstruction) exempts the replacement and/or reconstruction of existing facilities or structures on the same site as the existing structure and where the new structure will have substantially the same purpose and capacity. Section 15302(c)

specifically identifies existing utility systems and facilities involving negligible or no expansion of capacity. The proposed project is for installation of equipment that will allow redistribution of the load and add redundancy to the distribution system.

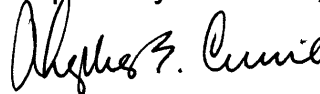
FISCAL IMPACT:

The maximum cost of this action is \$832,852. Funding for this action will be addressed by utilization of existing budgeted appropriation in the Power Capital Fund 411, Budget 3090, Switchgear Upgrades for Power System Facilities.

This contract will have minimal impact on other operational or capital projects other than minor costs for administration and oversight of delivery and installation. The following table summarizes the total fiscal impact.

Base Contract Amount	\$747,138
10% Contingency	\$74,714
Not To Exceed Amount	\$821,852
Contract Administration	\$11,000
Total Fiscal Impact	\$832,852

Respectfully submitted,



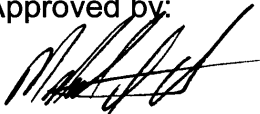
Phyllis E. Currie
General Manager
Water and Power Department

Prepared by:



Joe Awad
Assistant General Manager
Water and Power Department

Approved by:



Michael J. Beck
City Manager