

Agenda Report

Date: December 15, 2014

TO: Honorable Mayor and City Council

THROUGH: The Municipal Services Committee (December 9, 2014)

FROM: Water and Power Department

SUBJECT: AUTHORIZATION TO ENTER INTO PURCHASE ORDER CONTRACTS WITH WESCO DISTRIBUTION (ABB), SHIHLIN ELECTRIC USA, HOWARD INDUSTRIES (YOUNG & CO.), GE/PROLEC (ONE SOURCE), AND CENTRAL MALONEY (ONE SOURCE) TO FURNISH AND DELIVER DISTRIBUTION TRANSFORMERS FOR THE WATER & POWER DEPARTMENT.

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the project is exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act ("CEQA") review pursuant to the Guidelines §15301, Existing Facilities;
2. Accept the bid dated October 14, 2014 submitted by Wesco Distribution (ABB) in response to Specifications LD-14-3, Item I: Internally Fused Submersible Transformers Underground Type and Item IV: Submersible Commercial Distribution Transformers; authorize a purchase order contract with Wesco Distribution (ABB) for a period of four years or until \$7,798,717 has been expended, whichever comes first, with two optional one-year extensions, each not to exceed \$1,949,680;
3. Accept the bid dated October 14, 2014 submitted by Shihlin Electric USA in response to Specifications LD-14-3, Item II: 17kV Modified Overhead Type Distribution Transformers and Item III: 17kV/4kV Modified Overhead Type Distribution Transformers; authorize a purchase order contract with Shihlin Electric USA for a period of four years or until \$3,352,470 has been expended, whichever comes first, with two optional one-year extensions, each not to exceed \$838,118;
4. Accept the bid dated October 14, 2014 submitted by Howard Industries (Young & Co.) in response to Specifications LD-14-3, Item V: 4kV Submersible Type Distribution Transformer, Item VIII: 17kV Internally Fused Submersible Horizontal Type Distribution Transformer and Item XI: 4kV Internally Fused Single Phase, Pad Mount Distribution Transformers; authorize a purchase order contract with Howard Industries c/o Young & Co. for a period of four years or until \$1,015,894 has been expended, whichever comes first, with two optional one-year extensions, each not to exceed \$253,974;

5. Accept the bid dated October 14, 2014 submitted by GE Prolec (One Source) in response to Specifications LD-14-3, Item VI: 4kV Pole Mount Type Distribution Transformers, Item VII: 17kV Pole Mount Type Distribution Transformers and Item IX: 17kV Internally Fused Three Phase, 17kV Pad Mount Distribution Transformers; authorize a purchase order contract with GE Prolec, c/o One Source Distributors for a period of four years or until \$6,006,672 has been expended, whichever comes first, with two optional one-year extensions, each not to exceed \$1,501,668;
6. Accept the bid dated October 14, 2014 submitted by Central Maloney (One Source), in response to Specifications LD-14-3, Item X: 17kV Internally Fused Single Phase, 17kV Pad Mount Distribution Transformers; and authorize a purchase order contract; with Central Maloney c/o One Source Distributors for a period of four years or until \$435,216 has been expended, whichever comes first, with two optional one-year extensions, each not to exceed \$108,804;
7. Accept the price adjustment for items 2, 3, 4, 5 and 6 listed above as allowed in the specifications LD-14-3.

RECOMMENDATION FROM THE MSC:

On December 9, 2014, the Municipal Services Committee (MSC) unanimously agreed to forward this agenda report for approval by the City Council.

BACKGROUND:

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

On September 25, 2014, a Notice Inviting Bids on Specification LD-14-03 for furnishing and delivering various distribution transformers was published in the *Pasadena Star News* and posted on the City's web page. Copies of the specifications were sent to 23 vendors. Seven Responsive bids were opened on October 14, 2014. The bid prices and the evaluated bid prices for each type of transformer, Item I through XI from all the bidders are shown in Attachment 1.

The evaluated bid prices include the price of the transformer and the cost of energy loss when operating the transformer over a span of twenty years. The energy 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 bidders with the lowest total evaluated bid price for each bid item.

It is recommended that the City Council authorize purchase order contracts with the lowest evaluated and responsive vendors for the amounts shown for each bid item in the table below. The purchase orders will include 9% tax added to the bid price for each item.

Purchase Order Contracts for Distribution Transformers

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Item No.	Bid Price Annual	Item Description	Recommended Vendor/Address	Transformer Manufacturer's Location
I	\$525,815.17	Internally Fused Submersible Transformers Underground Type	WESCO DISTRIBUTION (ABB) 13140 Alondra Blvd., Cerritos, CA. 90703	Alamo, Tennessee
II	\$583,580.55	17kV Modified Overhead Type Distribution Transformers	SHIHLIN USA 80 S. Lake Ave. Suite 780, Pasadena, CA. 91101	Hsinchu, Taiwan
III	\$254,536.80	17kV/4kV Modified Overhead Type Distribution Transformers	SHIHLIN USA 80 S. Lake Ave. Suite 780, Pasadena, CA. 91101	Hsinchu, Taiwan
IV	\$1,423,864.05	Submersible Commercial Distribution Transformers	WESCO DISTRIBUTION (ABB) 13140 Alondra Blvd., Cerritos, CA. 90703	Alamo, Tennessee
V	\$123,802.20	4kV Submersible Type Distribution Transformer	YOUNG & CO (HOWARD) 530 S. Marengo Ave., Pasadena, CA. 91101	Laurel, Mississippi
VI	\$62,143.08	4kV Pole Mount Type Distribution Transformers	ONE SOURCE (GE/PROLEC) 6530 Altura Blvd., Buena Park, CA. 90620	Monterrey, Nuevo Leon, Mexico
VII	\$91,347.45	17kV Pole Mount Type Distribution Transformers	ONE SOURCE (GE/PROLEC) 6530 Altura Blvd., Buena Park, CA. 90620	Monterrey, Nuevo Leon, Mexico
VIII	\$99,612.92	17kV Internally Fused Submersible Horizontal Type Distribution Transformer	YOUNG & CO (HOWARD) 530 S. Marengo Ave., Pasadena, CA. 91101	Laurel, Mississippi
IX	\$1,348,177.40	17kV Internally Fused Three Phase, 17kV Pad Mount Distribution Transformers	ONE SOURCE (GE/PROLEC) 6530 Altura Blvd., Buena Park, CA. 90620	Monterrey, Nuevo Leon, Mexico
X	\$108,803.80	17kV Internally Fused Single Phase, 17kV Pad Mount Distribution Transformers	ONE SOURCE (CENTRAL MALONEY) 6530 Altura Blvd., Buena Park, CA. 90620	Pine Bluff, Arkansas
XI	\$30,558.15	4kV Internally Fused Single Phase, Pad Mount Distribution Transformers	YOUNG & CO (HOWARD) 530 S. Marengo Ave., Pasadena, CA. 91101	Laurel, Mississippi

The initial term for any contract resulting from these Specifications shall be four years from the date of execution by the City or until the authorized amount is expended. The contracts may be extended for a period of two additional one-year periods, with the approval of the City Manager and without further City Council approval.

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. In addition, having an adequate inventory level for each type of transformer is essential to enable an effective and timely restoration of power interruptions due to outages or emergencies. The proposed contracts, which are only for the purchase of materials, are in compliance with the Competitive Bidding and Purchasing Ordinance P. M. C. 4.08, and rules and regulations promulgated there under.

The Pasadena Water & Power (PWP) has existing contracts with Wesco (ABB) for Item IV; Shihlin USA for Items II & III; One Source (Central Maloney) for Items I & VI. Items VIII through XI are recently added. Young & Co (Howard Industries) furnished Items I, II & III in 2007.

The specifications requested costs for transformers using more environment-friendly oil in lieu of mineral oil, but were not accepted because the costs for these transformers were 20% higher than the costs for standard transformers, and the vendors submitting bids for such transformers were not the lowest evaluated bidders.

PRICE ADJUSTMENT PROCESS:

The quoted price of the transformers (base price) may be adjusted annually as described in the specification, based on percentage of weighted materials (Commodities – mineral oil, aluminum, mild and core steel, and copper) and Producer Price Index (PPI), and for Labor the Consumer Price Index (CPI). Although the prices of the transformers may change annually, the annual amount of each proposed contract will not change during the life of the contract.

ENVIRONMENTAL ANALYSIS:

The proposed contracts are exempt under CEQA Guidelines Section 15301 (Existing Facilities), which exempts actions such as maintenance, repair and operations 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. The actions proposed herein are for materials for repair and/or maintenance of current PWP facilities and do not expand the capacity of the electric distribution system.

FISCAL IMPACT:

The maximum cost of this action if all purchase orders and extensions are approved is \$27,913,453 over six years. The cost of this action will be addressed by utilizing existing and future appropriations in the Power Capital Fund. It is anticipated that \$1,775,000 will be spent in the current fiscal year for planned projects and to replenish inventory. The remainder will be spent over the next five fiscal years. Purchases under these contracts will not be authorized unless sufficient funding is available each fiscal year in the appropriate capital budgets.

The following table presents a summary of the funds currently budgeted for this contract in Power Capital Fund 411 in FY15:

Budget 3001	Services from Utility Underground System – Private Property Vaults	\$200,000
Budget 3023	Services from the Public Right of Way	\$150,000
Budget 3161	Power Distribution Capacity and Reliability Program	\$450,000
Budget 3174	Utility Undergrounding	\$475,000
Budget 3191	4kV to 17kV Distribution System Conversion	\$500,000
Total Projected Expenditures in Fiscal Year 2015		\$1,775,000

The following table represents a contract summary:

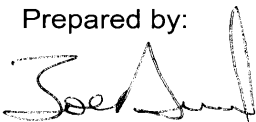
	Initial Term (4 Years)	Year 5	Year 6
Not to Exceed Amount	\$18,608,969	\$4,652,242	\$4,652,242
Contract Administration	\$8,000	\$2,000	\$2,000
Fiscal Impact	\$18,616,969	\$4,654,242	\$4,654,242
Total Maximum Fiscal Impact Over Six Years			\$27,925,453

Respectfully submitted,



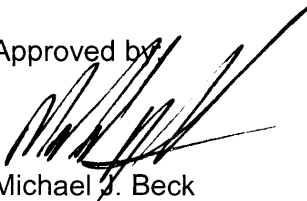
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