

Agenda Report

June 20, 2022

TO: Honorable Mayor and City Council
FROM: Water and Power Department
SUBJECT: **AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH ONESOURCE DISTRIBUTORS LLC FOR OVERHEAD TRANSFORMERS FOR A TOTAL AMOUNT NOT TO EXCEED \$9,419,000 IF OPTIONAL EXTENSIONS ARE EXERCISED**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 21065, 15060 (c)(2), 15060 (c)(3), and 15378, and as such, no environmental document pursuant to CEQA is required for the project; and
2. Accept the bid dated March 23, 2022, submitted by OneSource Distributors LLC ("OneSource") in response to the Specifications for "Overhead Transformers" for the Water and Power Department ("PWP"); authorize the City Manager or her designee to enter into a Purchase Order ("PO") Contract with OneSource for three years or an amount not to exceed \$4,041,000, whichever occurs first, with the option for three additional extensions of one-year each or after expending \$1,625,000 for the first extension, \$1,787,000 for the second extension, and \$1,966,000 for the third extension, whichever occurs first, for a maximum contract amount not to exceed \$9,419,000.

BACKGROUND:

The Water and Power Department ("PWP") provides electricity to more than 65,000 customers. The Transmission and Distribution ("T&D") System is highly complex and comprised of thousands of components functioning together. The distribution portion of the system contains high voltage lines that operate at either 4,160 Volts ("4kV") or 17,200 Volts ("17kV"). Through the normal course of providing electrical service to its customers, PWP requires a variety of parts and equipment for the T&D system, including utility poles, high and low voltage cables, transformers, switches, and dynamic protective devices.

For this contract, PWP routinely requires new and replacement overhead transformers for planned work and emergencies, which are used to convert the Department's electrical distribution high voltage network to voltages that can be utilized by the customers.

On February 22, 2022, a Notice Inviting Bids for the Specifications was published in the Pasadena Press and Pasadena Journal. The invitation was also published on PlanetBids, which generated notices to all vendors previously registered with the City for this particular commodity class. A total of 42 vendors downloaded the Specification of which two were local. A total of two bids were received by the bid opening date, none from local firms. Respondents were instructed to provide a unit price and a Total Ownership Cost ("TOC") for each transformer. Bids were evaluated for lowest TOC, an analysis that looks at the operating costs in addition to initial purchase price and places a single value on the complete life-cycle cost of a distribution transformer. The responsive bid results are shown below in Table I.

Table I: Bid Results

Firm Name	Office Location	Bid Price	Operating Cost	Total Ownership Cost
OneSource Distributors LLC	Garden Grove, California	\$1,220,492	\$1,788,377	\$3,008,869
Anixter Inc.	Corona, California	\$2,965,020	\$1,420,845	\$4,385,865

OneSource was the lowest responsive and responsible bidder for this Specification. Therefore, staff recommends that the City Council authorize the City Manager or her designee to enter into a PO Contract with OneSource for an amount not to exceed \$4,041,000 or a period of three years, whichever occurs first, with the option for three additional extensions of one-year each or after expending \$1,625,000 for the first extension, \$1,787,000 for the second extension, and \$1,966,000, for the third extension, or whichever occurs first, for a maximum contract amount not to exceed \$9,419,000.

The recommended total not to exceed amount is based on PWP's expected workload and includes projected cost increases influenced by inflation, the American Metal Market and Producer Price Index. The estimated expenditure was developed based on the unit pricing submitted by OneSource in their bid. The actual payments will be based on the amount of material procured by PWP and satisfactory performance by the vendor. The contract does not guarantee any minimum level of material procurement over the term of the proposed contract.

The City of Pasadena has awarded four contracts and 16 purchase orders to OneSource Distributors LLC since 2016 for a total not to exceed amount of

approximately \$19.4 million dollars. Currently, there are only two active purchase orders for an amount not to exceed \$61,200.

The proposed contract complies with the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Chapter 4.08 and the rules and regulations promulgated thereunder.

COUNCIL POLICY CONSIDERATION:

The proposed contract is consistent with the City Council's goals to maintain fiscal responsibility and stability, and PWP's strategic initiatives to enhance customer satisfaction and confidence, improve efficiency and business continuity and maintain PWP's fiscal health and stability.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is not subject to CEQA in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The authorization of the proposed contract, which provides for the purchasing of equipment, is a continuing administrative and maintenance activity (i.e., purchasing of supplies). Moreover, this action would not commit the City to undertaking or approving any actual or specific physical construction activities or any other actions that involve physical changes to the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.


FISCAL IMPACT:

The maximum cost of this action will be \$9,419,000 if all optional extensions are exercised. There is no minimum expenditure for this contract and material is ordered as needed to maintain warehouse inventory. Funding for this action will be addressed by the utilization of existing and future annual appropriations in the Power Capital Fund 411, in various Capital Improvement Projects. The PO contract summary are shown below in Table II.


Table II: Contract Summary

Contract Expenditures	Amount
Base Contract	\$4,041,000
1 st Extension	\$1,625,000
2 nd Extension	\$1,787,000
3 rd Extension	\$1,966,000
Total PO Contract Including All Extensions	\$9,419,000

Respectfully submitted,

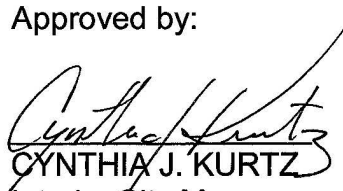

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