

Agenda Report

August 19, 2024

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZE CITY MANAGER TO ENTER INTO SEPARATE CONTRACTS WITH ANIXTER, INC. AND HOWARD INDUSTRIES, INC. FOR UNDERGROUND AND SUBMERSIBLE TRANSFORMERS FOR A TOTAL AMOUNT NOT-TO-EXCEED \$6,736,160 FOR THE WATER AND POWER DEPARTMENT

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;
2. Award contract to lowest and best bid dated June 11, 2024, submitted by Anixter Inc. ("Anixter") in response to the specifications for Electrical Utility Underground, Submersible, and Vault-Type Transformers for the Water and Power Department, authorize the City Manager to enter into a one-year contract for an amount not-to-exceed \$2,298,000; and
3. Award contract to the lowest and best bid dated June 11, 2024, submitted by Howard Industries, Inc. ("Howard") in response to the specifications for Electrical Utility Underground, Submersible, and Vault-Type Transformers for the Water and Power Department, authorize the City Manager to enter into a one-year contract for an amount not-to-exceed \$4,438,160, which includes the base contract amount of \$3,826,000 and a contingency of \$612,160 to provide for any necessary change orders.

BACKGROUND:

Pasadena Water and Power Department ("PWP") supplies electricity to over 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.

Transformers convert PWP’s electrical distribution high voltage network to voltages that can be utilized by customers and are used both for scheduled projects and emergencies. PWP uses underground (single-phase) and submersible (three-phase) transformers in its underground power distribution systems and customer facilities.

On May 16, 2024, a Notice Inviting Bids for the Specifications was published in the Pasadena Press and Pasadena Journal. The invitation was also published on OpenGov, which generated notices to all vendors previously registered with the City for this particular commodity class. A total of 29 vendors downloaded the Specifications, none of which were local. A total of two bids were received by the bid due date of June 11, 2024, with no bids received from local firms.

The responsive bid results are shown below in Tables I and II:

Table I: Bid Summary for Underground Transformers

Bidder Name	Office Location	Amount
Anixter, Inc.	Corona, CA	\$1,351,094

Table II: Bid Summary for Submersible Transformers

Bidder Name	Office Location	Amount
Howard Industries, Inc.	Laurel, Mississippi	\$3,825,544

PWP staff reached out to multiple potential bidders to understand their reasons for not submitting a bid. Vendors identified current manufacturing capacity constraints, particularly impacting submersible and modified vault-type distribution transformers required by the City. These limitations are primarily a result of ongoing supply chain disruptions stemming from the pandemic.

The heightened demand for utility assets, such as transformers, has consequently extended lead times, with most vendors now quoting durations of two years or longer. This adjustment reflects a broader industry trend where utilities, including PWP, are increasing their warehouse reserves to over two years' worth of inventory, a significant increase from the pre-pandemic standard of six months.

Anixter was the lowest responsive and responsible bidder for the Underground Transformers. PWP staff recommends that the City Council authorize the City Manager to enter into a contract with Anixter for an amount not-to-exceed \$2,298,000.

Howard was the lowest responsive and responsible bidder for the Submersible Commercial Distribution Transformer. PWP staff recommends that the City Council authorize the City Manager to enter into a contract with Howard for an amount not-to-exceed \$4,438,160. The total cost includes a base contract amount of \$3,826,000 and a 16% contingency of \$612,160 to cover price adjustments and to provide for any necessary change orders. Howard uses a price adjustment mechanism on long-term transformer contracts to compensate for upward or downward changes in key commodity costs. Prices are adjusted quarterly using the weighted percent change in commodity cost occurring since the date of their proposal.

The recommended total not to exceed amount is based on PWP's expected workload. The estimated expenditure was developed based on the unit pricing submitted by Anixter and Howard in their bids. The proposed contracts comply with the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Chapter 4.08 and the rules and regulations promulgated thereunder.

The City of Pasadena has awarded two contracts and seven purchase orders to Anixter since 2015 for a total not-to-exceed amount of approximately \$25,297,649; and one contract and two purchase orders to Howard since 2015 for a total not-to-exceed amount of approximately \$449,834.

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.

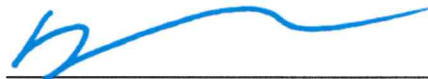
FISCAL IMPACT:

The total cost of both contracts including contingency is \$6,736,160 and the total cost of this action will be \$8,450,880. Funding for this action will be addressed by the utilization of existing and future appropriations in the Power Capital Fund 411 in various Capital Improvement Programs including Distribution Transformer Replacement Program (3237). It is anticipated that \$300,000 of the costs will be expended in fiscal year 2025. There is no impact to the General Fund.

The following table represents a project summary.

Base Contract Amount	\$	6,124,000
Contract Contingency	\$	612,160
Contract Administration and Warehouse	\$	1,714,720
Total Fiscal Impact	\$	8,450,880

Respectfully submitted,



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