

Agenda Report

July 22, 2024

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT WITH ANIXTER, INC. FOR ELECTRICAL UTILITY MEDIUM VOLTAGE CABLES FOR AN AMOUNT NOT-TO-EXCEED \$28,000,000 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 Section 21065 of CEQA and State CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15378 and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Award contract to lowest and best bid dated June 4, 2024, submitted by Anixter Inc. in response to specifications for Electrical Utility Medium Voltage Cables (4kV and above) and authorize the City Manager to enter into a five year contract for an amount not-to-exceed \$20,000,000, whichever occurs first; with the option for two additional one-year extensions for \$4,000,000 each, whichever occurs first, for a maximum contract amount not-to-exceed \$28,000,000.

BACKGROUND:

The Water and Power Department ("PWP") supplies electricity to over 65,000 customers through a complex sub-transmission and distribution system consisting of thousands of interconnected components. The distribution system operates at 4,160 Volts (4kV) and 17,200 Volts (17kV), while the sub-transmission system operates at 34,500 Volts (35kV). To maintain this extensive network, PWP requires various parts and equipment such as utility poles, high and low voltage cables, power transformers, power distribution switchgear, and system protection devices.

PWP's underground power sub-transmission and distribution systems deliver electricity using medium voltage cables ranging from 4kV to 35kV. These cables connect Power Receiving Stations to Distribution Substations and extend from these substations, which convert higher voltage electricity to a lower voltage suitable for local distribution, to

neighborhoods and customers. The cables run through protective conduits and underground electrical vaults, which are reinforced enclosures housing electrical equipment. The cables then extend throughout the city, finally connecting to customer service panels at homes and businesses where the electricity is utilized.

On May 9, 2024, a Notice Inviting Bids for the Specifications, Electrical Utility Medium Voltage Cables (4kV and above) 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 37 vendors downloaded the Specifications of which none were local. One bid was received by the bid due date, and it was not from a local firm. The responsive bid result is shown below in Table I.

Table I: Bid Result

Firm Name	Office Location	Total Bid Price
Anixter Inc.	Corona, California	\$4,257,579

PWP staff have reached out to two potential bidders to understand the reasons for their non-submission. One bidder missed the deadline unintentionally, while the other stated they were unable to meet the bid specifications and fulfill the City's requirements.

Anixter Inc. was the lowest responsive and responsible bidder. PWP staff recommends that the City Council authorize the City Manager to enter into contract with Anixter Inc. for an amount not-to-exceed \$20,000,000 for five years or until the not-to-exceed amount has been expended, with the option for two additional one-year extensions for an amount not-to-exceed \$4,000,000 or one year, whichever occurs first, at the discretion of the City Manager, for a maximum contract amount not-to-exceed \$28,000,000. There is no minimum expenditure for this contract and cable is ordered as needed to maintain warehouse inventory.

Persistent supply chain disruptions caused by the COVID-19 pandemic have led to an unprecedented demand for utility assets, particularly power transformers and cables. This surge in demand has resulted in substantially increased costs and extended delivery lead times. As a result, many utilities, including PWP, are actively increasing their inventory reserves to ensure system reliability. Further exacerbating the supply chain challenges, PWP has recently experienced an unprecedented rate of failure in its aging sub-transmission underground power cables. These failures have significantly depleted PWP's inventory of medium voltage cables and related accessories, which are essential for ongoing operations and maintenance, emergency response, and the implementation of capital projects. Therefore, the proposed contract amount is based on historical expenditures, accelerating failure rates, and projected work plans in the Capital Improvement Programs. Payments will depend on the vendor's satisfactory performance.

Since 2015, the City has awarded Anixter Inc. two contracts and seven purchase orders totaling approximately \$22,000,000. The proposed contract complies with the Competitive Bidding and Purchasing Ordinance as per Pasadena Municipal Code Chapter 4.08 and related regulations.

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 cost of the recommended action is \$28,000,000 over seven years, as broken out in the following table.

Fiscal year	Amount
2025	\$4,000,000
2026	\$4,000,000
2027	\$4,000,000
2028	\$4,000,000
2029	\$4,000,000
2030	\$4,000,000
2031	\$4,000,000

PWP will utilize existing budgeted appropriations in the Power Operating Fund 401, Warehouse Store Issues (880200). Future contract costs will be budgeted as part of the department's annual operating budget. There is no impact to the General Fund.

Respectfully submitted,




DAVID M. REYES
Interim General Manager
Water and Power Department

Prepared by:



Varoojan Avedian
Assistant General Manager
Water and Power Department

Approved by:



MIGUEL MÁRQUEZ
City Manager