

Agenda Report

October 28, 2024

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZE THE CITY MANAGER TO AMEND CONTRACT 32757 WITH G&W ELECTRIC COMPANY TO INCREASE THE CONTRACT AMOUNT BY \$4,000,000 FOR MEDIUM VOLTAGE DISTRIBUTION SWITCHES FOR A REVISED AMOUNT NOT-TO-EXCEED \$11,332,000 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. Authorize the City Manager to amend Contract 32757 with G&W Electric Company ("G&W") to increase the contract amount by \$4,000,000, thereby increasing the grand total to a not-to-exceed amount of \$11,332,000. The procurement complied with the Pasadena Municipal Code Section 4.08.045 for Competitive Bidding.

BACKGROUND:

On October 16, 2023, City Council authorized the City Manager to enter into a contract with G&W for medium voltage distribution switches procured through a competitive bidding process for Pasadena Water and Power ("PWP") for a total amount not-to-exceed \$3,972,000, whichever occurs first; with the option for two additional one-year extensions for an amount not-to-exceed \$1,680,000 each, whichever occurs first, at the discretion of the City Manager, for a maximum contract length of five years or a maximum contract amount not-to-exceed \$7,332,000. The contract includes furnishing and delivery of medium-voltage switches for the PWP electric system. The equipment specified includes 27 kV and 38 kV class switches, switches suitable for installation in submersible vaults and substations (both indoor and outdoor), solid-dielectric switches, and switches with sulfur hexafluoride ("SF6") gas as their insulating medium.

Medium-voltage switch procurement lead times have increased due to ongoing supply chain disruptions. PWP anticipates further complications in the supply chain due to a ruling by the California Air Resources Board (“CARB”). In 2022, CARB finalized amendments to regulations that will phase out the use of SF6 in gas-insulated equipment starting January 1, 2025. This phaseout schedule restricts gas-insulated equipment owners from purchasing new SF6-based equipment unless an exemption is granted.

Historically, similar regulatory changes have led to a surge in material orders from utilities and other consumers in anticipation of the upcoming restrictions. To mitigate potential disruptions, PWP is planning to take proactive measures by placing immediate orders for essential switches to maintain up to a three-year supply. This aligns with the utility’s objective of maintaining at least a two-year supply of critical inventory items.

Additionally, PWP needs to accelerate replacement of the subtransmission cables that connect Glenarm and Santa Anita Receiving Stations. The replacement of these subtransmission cables was identified as a priority, with planned completion in Fiscal Year (“FY”) 2031 in the Power Delivery Master Plan, which was approved by the City Council in 2022. However, due to a recent surge in cable failures, this project has been reprioritized to initiate project planning in the current fiscal year and complete by FY 2028. To support replacement of the subtransmission cables, PWP must upgrade other substation switches to allow bypassing and de-energization of the subtransmission lines – which require ordering additional switches ahead of their original schedule.

Considering these factors, PWP requires an increase to the contract amount to secure adequate inventory levels for both ongoing operations and forthcoming capital improvement projects.

PWP staff recommends that the City Council authorize the City Manager to amend Contract 32757 with G&W by \$4,000,000, thereby increasing the total not-to-exceed amount to \$11,332,000 for Medium Voltage Distribution Switches for PWP.

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 to increase Contract 32757 with G&W is \$4,000,000. Funding for this action will be addressed by the utilization of existing and future appropriations in the Power Capital Fund 411 in various CIP's including the Distribution Switch Replacement Program (03231), and Chester Substation Upgrades (03273). It is estimated that the entire revised base contract amount will be expended over three fiscal years starting FY 2026. There is no impact to the General Fund.

The following table represents a contract summary.

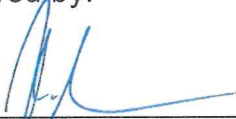
Base Contract	\$ 7,972,000
First Optional One-Year Extension	\$ 1,680,000
Second Optional One-Year Extension	\$ 1,680,000
Total Fiscal Impact	\$ 11,332,000

Respectfully submitted,



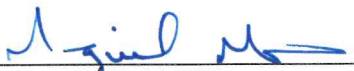
DAVID M. REYES
Interim General Manager
Water and Power Department

Prepared by:



Varoojan Avedian
Assistant General Manager
Water and Power Department

Approved by:



MIGUEL MARQUEZ
City Manager