

Agenda Report

February 23, 2026

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT WITH SHIHLIN ELECTRIC USA COMPANY LIMITED FOR THE PURCHASE OF SUBSTATION POWER TRANSFORMERS FOR UP TO FIVE YEARS FOR AN AMOUNT NOT-TO-EXCEED \$9,380,257

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. Award a contract to lowest and best bid dated September 15, 2025, submitted by Shihlin Electric USA Company Limited ("Shihlin") in response to the specifications for Substation Power Transformers, and authorize the City Manager to enter into a contract for up to five years for a grand total amount not-to-exceed \$9,380,257, which includes the base contract amount of \$8,527,506 and a contingency of \$852,751 to provide for any necessary change orders.

BACKGROUND:

Pasadena Water and Power Department ("PWP") delivers electricity to over 65,000 customers via a complicated Transmission and Distribution ("T&D") System. This system relies on an integrated array of equipment, including utility poles, conductors, switches, and dynamic protective devices. Central to this infrastructure are distribution substation power transformers, which convert 34,500 Volts ("35kV") sub-transmission voltage down to either 4,160 Volts ("4kV") or 17,200 Volts ("17kV") levels used for primary distribution. The system then further steps down these primary distribution voltages to the standard levels required by residential and commercial end-users.

Several electrical components, including power transformers, switchgear, and protective equipment located at power distribution substations, have reached or are approaching

the end of their operational life. In alignment with the Power Delivery Master Plan, PWP has initiated a City Council-approved Capital Improvement Program (“CIP”) to replace and upgrade these critical assets at the Fair Oaks and Brookside substations.

The procurement for power transformers is a key element of the Fair Oaks Substation upgrade and represents the initial phase of the broader Fair Oaks and Brookside Substation Upgrades CIP. The projects under this CIP will be executed sequentially through separate contracts for material and construction for both substations.

The scope of this CIP includes the installation of new power transformers, switchgear, circuit breakers, and advanced protection and control systems. These upgrades are necessary to:

- Address equipment obsolescence to prevent service interruptions and maintain grid reliability.
- Modernize protection relays, meters, and battery systems to meet current safety and operational standards.
- Provide the necessary infrastructure for the ongoing 4kV to 17kV Distribution System Voltage Conversion Program, which increases overall system capacity and efficiency.

The Fair Oaks Substation serves a vital role in the Northwest Pasadena community. This project will ensure that the local infrastructure can support both current residents and future economic development. By upgrading these facilities, PWP continues to provide safe, reliable electric service while proactively managing the lifecycle of its utility assets.

On August 14, 2025, a Notice Inviting Bids for the Specifications for Substation Power Transformers was published on the City’s electronic procurement platform, OpenGov. The notice was automatically distributed to all vendors registered with the City under the applicable commodity codes for related services. A total of 56 vendors downloaded the Specifications, two of which were local. A total of five bids were received by the bid due date of September 25, 2025, with one bid received from a local firm. The one responsive bid result is summarized below in Table I.

Table I: Bid Summary

Bidder Name	Office Location	Bid Amount
Shihlin Electric USA Company Limited	Pasadena, CA	\$8,527,506

Shihlin submitted the only responsive bid that met all the requirements of the specifications. The bids from the other four vendors did not meet the specification requirements and were disqualified. PWP staff recommends that the City Council award a contract to Shihlin for a grand total amount not-to-exceed \$9,380,257, which includes the base contract amount of \$8,527,506 and a 10% contingency of \$852,751 to provide for any necessary change orders.

The estimated expenditure was developed based on the unit pricing submitted by Shihlin in their bid. Staff conducted market research to evaluate current industry pricing for substation transformers of comparable capacity and specifications. This review included recent utility procurements, manufacturer budgetary pricing, and internal cost benchmarks. Based on this analysis, staff determined that the proposed pricing is consistent with prevailing market conditions and represents fair and reasonable value.

The pricing offered under this contract will remain valid for a period of up to five (5) years in accordance with the solicitation terms. 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.

The City has previously awarded one contract to Shihlin for an amount not to exceed \$3,500,000.

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 the recommended action, including contingency, is \$9,380,257. Payment is expected to be made towards the end of the contract period when the transformers are delivered. Details by Fiscal Year are as follows

Fiscal Year	Amount
2026 - 2029	\$ 0
2030	\$ 4,690,129
2031	\$ 4,690,128

Funding for this action will be addressed by the utilization of the Fair Oaks and Brookside Substation Upgrades (3267) CIP budget. Future contract costs will be budgeted as a part of future CIP budgets. There is no impact on the General Fund.

The following Table II represents a contract summary.

Table II: Contract Summary

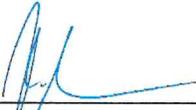
Base Contract Amount	\$	8,527,506
Contingency (10%)	\$	852,751
Total Fiscal Impact	\$	9,380,257

Respectfully submitted,



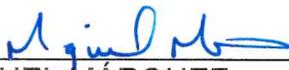
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