

Agenda Report

To: City Council **Date:** January 3, 2000
From: City Manager
Subject: Authorization to Enter into a Contract with TRAF0 for Furnishing and Delivering One 3750/4687kVA 34,400-4360 Volts TCUL Three Phase Substation Transformer for the Water and Power Department

Recommendation:

It is recommended that the City Council accept the bid dated October 25, 1999 submitted by TRAF0 in response to the Notice Inviting Bids for one 3750/4687kVA 34,400-4360 Volts TCUL Three Phase Substation Transformer; reject all other bids; and authorize the Purchasing Administrator to issue a purchase order contract for an amount not to exceed \$193,970.00.

Background:

On Saturday, January 9, 1999, the 3750/4687kVA 34,400-4360 Volts TCUL Three Phase Substation Transformer Bank 1A at Del Mar Substation failed as a result of internal damage caused by a failure of the B Phase feeder cable. The transformer also sustained external fire damage resulting from the subsequent release of transformer oil.

As a result of inspections by both Water and Power and outside experts, repair/replacement strategies were developed and evaluated. As the existing transformer has reached the industry standard life expectancy, the recommendation is to replace rather than repair the transformer.

In response to the Notice Inviting Bids six bids were received and opened at the bid opening of October 27, 1999.

In order to determine the lowest bid, the specifications employed a formula that considered the base cost of the transformers along with the anticipated cost of operation over the expected life of the transformers. Essentially, the cost of operation is equal to the amount of energy lost by the transformer over time multiplied by the cost of energy and adjusted to the net present value. To determine the amount of energy that is expected to be lost by each transformer over time and under varying conditions, the bidders were required to submit certified test results of the efficiency of their transformers. Combining base price with anticipated operating costs results in a total life-cycle cost for each transformer. A transformer with the lowest life-cycle cost will cost the City less to own and operate over time.

The following are the bidders and the evaluated bid prices:

<u>Bidder</u>	<u>Base Cost</u>	<u>Operating Cost</u>	<u>Total Life-Cycle Cost</u>
TRAF0	\$193,970.00	\$ 53,214.80	\$247,184.80
Pennsylvania Transformer	\$187,272.50	\$ 61,682.08	\$248,954.58
Telestar Corporation	\$164,540.00	\$ 99,861.20	\$264,401.20
ABB Power T&D	\$203,656.45	\$ 62,592.80	\$266,249.25

Bids from Virginia Transformer and Mobile Source were deemed non responsive. Mobile Source could not meet the 210 day delivery requirement, and Virginia Transformer could not meet the dimensional constraints.

TRAF0 has submitted the required affirmative action forms. The proposed Contract is in compliance with the Affirmative Action in Contracting Ordinance P.M.C. 4.09, and the rules and regulations promulgated there under.

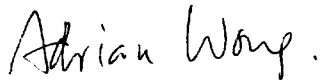
Fiscal Impact:

Funds for the transformer are available in the Fiscal Year 2000 Electrical System Capital Improvement Program Budget for the Power Division under account number 3090, "Switchgear Upgrades at Power Plant and Substations".

Respectfully submitted,

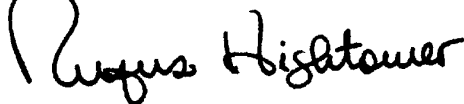

Cynthia J. Kurtz
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