



## CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

### AGENDA ITEM

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Report: Award of a Contract to Power Electronics to Furnish Materials, Equipment, and Labor for Testing Transformer, Load Tap Changer, Regulator, and Circuit Breaker Oil for Glendale Water & Power (GWP).

1. Motion authorizing the City Manager, or his designee, to enter into and execute a contract with Power Electronics to Furnish Materials, Equipment, and Labor for Testing Transformer, Load Tap Changer, Regulator, and Circuit Breaker Oil for GWP (Specification No. 3931) in the amount of \$285,960 for three years, plus a ten percent (10%) contingency of \$28,596, with the City's option to renew the contract for two one-year terms at a 3% escalation equaling \$98,180 with a ten percent (10%) contingency equaling \$9,818 per renewal year.

### COUNCIL ACTION

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**Item Type:** Consent Calendar

**Approved for** March 28, 2023 **calendar**

### EXECUTIVE SUMMARY

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Due to the expertise and sophisticated equipment needed, as well as the critical nature of regularly monitoring the oil of transformers, load tap changers, regulators, and circuit breakers, it is necessary to have a contractor on board to perform oil testing for GWP. Due to our aging equipment, it is important to have a capable contractor that can determine the current state of the City's equipment which in turn, can assist in determining plans of action to remedy issues to increase power system reliability.

The recommended Contract, including the ten percent contingency, will cost a total of \$314,556 for the three-year term. If in the future we decide to renew the Contract for a fourth and fifth year, with the three percent increase to the bid amount allotted to the Contractor, and with the ten percent contingency, the total amount of the contract renewal for both years, including contingency, is \$215,996.

## **COUNCIL PRIORITIES**

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Infrastructure: Testing the oil of GWP's critical equipment provides safe, efficient, and reliable utility services to Glendale residents.

## **RECOMMENDATION**

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Authorize the City Manager to execute a three-year contract with Power Electronics to furnish materials, equipment, and labor for testing transformer, load tap changer, regulator, and circuit breaker oil in the amount of \$285,960, plus a ten percent contingency in the amount of \$28,596, reject all other bids, and allow a renewal option for a fourth and fifth year with a three percent escalation equaling \$98,180 and ten percent contingency equaling \$9,818 per renewal year.

## **BACKGROUND**

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GWP's commitment to providing reliable and trusted service to its customers includes annual testing of transformer, load tap changer, regulator, and circuit breaker oil as part of its ongoing maintenance of the electrical substation assets.

On November 15, 2022, City Council approved Resolution 22-167 to adopt Specification No. 3931, and directed the City Clerk to advertise for bids for a three-year contract with the possibility of renewing for a fourth and fifth year. After three weeks of the bid being posted in the Glendale Independent newspaper and the City of Glendale website, a mandatory pre-bid conference was held with five prospective bidders attending. On January 11, 2023, the bidding period was closed with three bidders submitting bids.

## **ANALYSIS**

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GWP must continually monitor the condition of its oil-immersed electrical equipment to meet this commitment. Oil testing is a standard industry practice to effectively accomplish this task. Oil testing includes taking necessary oil samples from transformers, load tap changers, regulators, and oil circuit breakers, and analyzing these samples for Dissolved Gasses; Total Combustible Gasses; Moisture Content; Interfacial Tension; Acidity; Color; Specific Gravity; Dielectric Breakdown Voltage; Polychlorinated Biphenyls (PCB), and other characteristics. A high degree of specific expertise is needed to perform this type of work. Specification No. 3931 will enable a qualified contractor to continue performing these tasks as part of GWP's overall annual maintenance program.

The bid breakdown of the three bidders is as follows:

| <b>Rank</b> | <b>Bidder</b>     | <b>Bid Amount<br/>(per year)</b> |
|-------------|-------------------|----------------------------------|
| 1           | Power Electronics | \$ 95,320.00                     |
| 2           | RESA              | \$140,000.00                     |
| 3           | VISTAM            | \$653,806.20                     |

Staff evaluated the bids based on price, mandatory qualifications, and competency of bidders. As a result, Power Electronics submitted the lowest responsive bid.

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| <b>Project Description:</b>                                   | Furnish materials, equipment, and labor for testing transformer, load tap changer, regulator, and circuit breaker oil to provide efficient maintainability and increase reliability of the City's power system infrastructure. |
| <b>Plans/Specs Adopted:</b>                                   | Specification No. 3931   |
| <b>Advertisement Method:</b>                                  | Via City Clerk (Newspaper & RFQ/RFP/BID Webpage)   |
| <b>Specs Issued:</b>  | Specification No. 3931   |
| <b>Bids Opened:</b>   | Three  |
| <b>Company Name(s) and Bids Amount(s):</b>                    | Power Electronics: \$95,320.00 per year (\$285,960 total); RESA: \$140,000.00 per year (\$420,000 total); VISTAM: \$653,806.20 per year (\$1,961,418.60 total)   |
| <b>Selection Criteria (If SS, list applicable Provision):</b> | Relevant Qualifications & Experience; Lowest Apparent Bidder   |
| <b>Recommended Contractor(s):</b>                             | Power Electronics  |
| <b>New / Existing Contractor(s):</b>                          | Power Electronics  |
| <b>Procurement Method (Bid / SS):</b>                         | Bid  |
| <b>Contract Term:</b>   | Three years, with an option to renew for a fourth and fifth year   |
| <b>Construction Phase Begins:</b>                             | N/A  |
| <b>Construction Phase Ends:</b>                               | N/A  |
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The cost of the service contract for testing transformer, load tap changer, regulator, and circuit breaker oil is \$95,320 plus a ten percent contingency in the amount of \$9,532 for a total amount of \$104,852 each year for the combined three-year amount of \$314,556. If the contract is to renew for the fourth and fifth year, the Contractor is entitled to a not-to-exceed increase of three percent of the bid amount, with the maximum amount allowed to be \$98,180 per year. Therefore, the total yearly bid amount for each of the fourth and fifth year with the ten percent contingency of \$9,818 will be \$107,998. The breakdown is shown in the table below:

|                           | Contract Term |           |           | Renewal Term (3% Escalation) |           |
|---------------------------|---------------|-----------|-----------|------------------------------|-----------|
|                           | Year 1        | Year 2    | Year 3    | Year 4                       | Year 5    |
| Base Bid Amount           | \$ 95,320     | \$ 95,320 | \$ 95,320 | \$ 98,180                    | \$ 98,180 |
| Contingency (10%)         | \$ 9,532      | \$ 9,532  | \$ 9,532  | \$ 9,818                     | \$ 9,818  |
| Total Yearly Bid Amount   | \$104,852     | \$104,852 | \$104,852 | \$107,998                    | \$107,998 |
| Term Subtotal             | \$314,556     |           |           | \$215,996                    |           |
| Final Amount with Renewal | \$530,552     |           |           |                              |           |

## STAKEHOLDERS/OUTREACH

There are no stakeholders that will be impacted.

## FISCAL IMPACT

The Contract will cost \$104,852, which was approved as a part of the FY 2022-23 budget. No new appropriation is being requested at this time. The City Council approved funding is outlined below:

| Existing Appropriation |                               |                             |
|------------------------|-------------------------------|-----------------------------|
| Amount                 | Account String                | Funding Source              |
| \$120,000              | GL: 43110-5820-GWP-4650-P0000 | Electric Works Revenue Fund |

## ENVIRONMENTAL REVIEW

Staff is seeking to hire a contractor for continued services to regularly monitor the oil of GWP's transformers, load tap changers, regulators, and circuit breakers, which is Categorically exempt under the provisions of the California Environmental Quality Act (CEQA) pursuant to the California Code of Regulations, Title 14, Sections 15301 and 15302, repair, maintenance, or minor alterations of existing utility facilities, and replacement or reconstruction of existing utility systems or facilities.

## CAMPAIGN DISCLOSURE

Not applicable.

## **ALTERNATIVES**

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Alternative 1: Authorize the City Manager, or his designee, to enter into and execute a contract with Power Electronics as described herein.

Alternative 2: Do not award the contract as recommended. However, due to the expertise and the sophisticated equipment necessary to perform the described work, GWP does not have the resources necessary and will not be able to perform the work.

Alternative 3: Consider any other alternative not proposed by staff.

## **ADMINISTRATIVE ACTION**

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**Prepared by:**

Daniel Scorza, Chief Assistant General Manager - Electric

**Approved by:**

Roubik R. Golanian, P.E., City Manager

## **EXHIBITS / ATTACHMENTS**

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Not applicable.