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Title: Actions pertaining to the pre-purchase of a power transformer for the Substation Expansion Project at the Fresno/Clovis Regional Wastewater Reclamation Facility (Council District 3):

1. Award a purchase agreement to HighPoint Power Systems in the amount of \$868,437.50 for the purchase of a new 70 kilovolt to 12 kilovolt transformer
2. Authorize the Director of Public Utilities, or designee, to sign agreement on behalf of the City of Fresno

Sponsors: Department of Public Utilities

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Attachments: 1. Attachment 1 - Bid Eval Fiscal Impact.pdf, 2. Attachment 2 - Sample Contract.pdf

Date	Ver.	Action By	Action	Result
10/10/2019	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

October 10, 2019

FROM: MICHAEL CARBAJAL, Director
Department of Public Utilities

THROUGH: BROCK D. BUCHE, PE, PLS, Assistant Director - UP&E
Department of Public Utilities - Utilities Planning & Engineering

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SUBJECT

Actions pertaining to the pre-purchase of a power transformer for the Substation Expansion Project at the Fresno/Clovis Regional Wastewater Reclamation Facility (Council District 3):

1. Award a purchase agreement to HighPoint Power Systems in the amount of \$868,437.50 for the purchase of a new 70 kilovolt to 12 kilovolt transformer
2. Authorize the Director of Public Utilities, or designee, to sign agreement on behalf of the City of Fresno

RECOMMENDATIONS

Staff recommends that City Council award a pre-purchase agreement to HighPoint Power Systems in the amount of \$868,437.50 for the purchase of a new 70 kilovolt (KV) to 12KV transformer (Project) and authorize the Director of Public Utilities, or designee, to sign the contract on the behalf of the City of Fresno (City). The transformer will be used for the Substation Expansion Project at the Fresno/Clovis Regional Wastewater Reclamation Facility (RWRf).

EXECUTIVE SUMMARY

The Department of Public Utilities, Wastewater Management Division, is seeking to pre-purchase a power transformer for use in the upcoming Substation Expansion Project at the RWRf. This agreement is a purchase contract which will be assigned by the City under an Assignment and Novation Agreement to the construction contractor. A purchase order will not be issued at this time but the contract price will be included in the contract amount for the construction contract. Staff recommends the City Council approve the purchase in the amount of \$868,437.50. It is anticipated that the Substation Expansion construction contract will be presented to the City Council within six months of the approval of this pre-purchase contract and after a public bidding process.

BACKGROUND

In 2001, a dedicated substation was constructed to exclusively serve the growing needs of the RWRf. This substation, considered Phase 1, provided a 70KV transmission feed from two different PG&E substations. The higher voltage service meant greater power stability and a higher load capacity. Phase 1 provided capacity to handle existing plant loads plus the additional capacity for the Organics Upgrade Expansion Project (completed in 2009), the Enhanced Dewatering Facility Project (completed in 2014), and the Tertiary Treatment and Disinfection Facility (completed in 2017).

A Load Study performed in late 2017 concluded that the Phase 1 Substation is nearing available capacity and will not support the next major plant expansions identified in the 2005 Master Plan Update. To accommodate future growth at the RWRf, Phase 2 will expand the substation to add another 70KV to 12KV transformer, rated at 10 Mega Volt Amp (MVA).

On October 25, 2018, the City Council approved a consultant services agreement with Electrical Power Systems for the design of Substation Expansion (Phase 2). With the design fully underway, it was decided to pre-purchase the transformer due to the lead time for a transformer of this size - approximately one year for delivery. The design consultant prepared bid specifications for the transformer purchase.

Plans and specifications were prepared for the Project. A Notice Inviting Bids was published on June 8, 2019, and posted on the City's Planet Bids website. The specifications were distributed to 22 prospective bidders. Two sealed bid proposals were received and publicly opened on July 30, 2019. The bid proposals were \$868,437.50 and \$747,663.16 respectively. However, the bid for \$747,663.16 was non-responsive due to the bidder incorrectly changing the contract terms. The bid will expire within 90 days of bid opening, on October 28, 2019.

HighPoint Power Systems, was found to be the lowest responsive and responsible bidder, with the bid amount of \$868,437.50. The staff determination was posted on the City's Planet Bids website on June 28, 2019. Staff recommends that City Council award a product purchase contract to HighPoint Power Systems, in the amount of \$868,437.50, as the lowest responsive and responsible bidder. Their bid price is 7.6% below the engineer's estimate of \$940,350.

The City Attorney's Office has reviewed and approved the purchase agreement as to form.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines, the award of this purchase agreement does not qualify as a "project" for the purposes of CEQA.

LOCAL PREFERENCE

Local preference was not implemented as neither of the bidders were local businesses.

FISCAL IMPACT

There is no impact to the General Fund. The Project is located in Council District 3. Funding for this Project is included in the Fiscal Year 2020 budget within the Sewer System Enterprise Fund 40501.

Attachments:

Attachment 1 - Bid Evaluation and Fiscal Impact Statement

Attachment 2 - Sample Contract