



Item Number: 11

City Council / Board of Directors

Written Communications

Meeting of: May 4, 2021

Submitted By:

Brenda Hampton, Director of Electric Utility Services

Subject:

Purchase of Three (3) 10000 KVA Natural Ester Fluid Filled (Transformers) Substations

Recommendation:

The Honorable City Council approve

1. a Sole Source arrangement with ABB Enterprise Software, Inc. for the purchase of electric utility distribution equipment; and
2. the purchase of three (3) 10000 KVA Natural Ester Fluid Filled (Transformers) Substations from ABB Enterprise Software, Inc. in the amount NTE \$726,232.50.

Fiscal Impact:

This project will have a fiscal impact of \$726,232.50. This purchase is budgeted under the VMUS Capacity Infrastructure Upgrade project, 4202076-55080-30054, originally appropriated during the FY19 mid-year budget. The project budget approval was for \$2,700,000 and there is a current project balance of \$2,567,361.25 to cover this purchase. This purchase is eligible to be refunded under Resolution No. 21-016, City of Victorville to Reimburse Itself for Certain Capital Expenditures from the Proceeds of Indebtedness.

Background:

As part of the continuous upgrade to VMUS' infrastructure, staff budgeted for capacity infrastructure upgrades in the FY19 mid-year budget, which has rolled over each subsequent year. VMUS Capacity Infrastructure Upgrades project, 4202076-55080-30054, was allocated \$2,700,000 for capacity infrastructure upgrades and currently has a balance of \$2,567,361.25. VMUS customers are projected to surpass the available capacity the system currently has, and these infrastructure upgrades are needed to meet customer capacity demands.

Discussion:

This request is to purchase three (3) 10000 KVA Natural Ester Fluid Filled (Transformers) Substations (Attachment A). These transformers are needed to distribute the increase in capacity (kilowatts) due to an increase in customer demand (kilowatt-hours). Transformers are made to order and the lead time on average is four months.

As noted on the 3/1/2021 revision to the quote (Attachment A), ABB Enterprise Software, Inc. (ABB) is offering a \$2,000 discount per transformer if three (3) transformers are purchased at one time. Staff is requesting approval to purchase three (3) transformers; therefore, each transformer would be \$222,600, for a total pre-tax cost of \$667,800, and a final price of \$726,232.50.

Pursuant to VMC 2.28.100 (b)(2) this purchase is being done through the sole-source process (Attachment B) with ABB. A sole source purchase is defined under VMC 2.28.050(17) as, unique services, and/or supplies and equipment that can be obtained from only one vendor, or one distributor authorized to sell in this area, with singular characteristics or performance capabilities or which have specific compatibility components with existing city products, rendering bidding or quotation requirements futile or meaningless. The standardization for transformers reduces maintenance and training costs, creates efficiencies regarding a part's interchangeability and reduces outage downtime for customers in the event of a transformer failing. Additionally, ABB is a subsidiary of the manufacturer, which minimizes the markup costs for the units. This sole source process has been vetted and verified by the Purchasing Division of the Finance Department.

This purchase amount is eligible to be refunded under Resolution No. 21-016, City of Victorville to Reimburse Itself for Certain Capital Expenditures from the Proceeds of Indebtedness (Attachment C) to not exceed \$6,000,000 for design, acquisition, construction, and equipping of improvements to its municipal electric system, including but not limited to, upgrades to its substation and related facilities and equipment, and necessary upgrades to portions of Southern California Edison's interconnection and electric distribution system to which the municipal electric system is interconnected and receives service if the bond refinancing project is approved.

Staff is available for questions.

Attachments:

- A. ABB Enterprise Software, Inc. Quote
- B. Sole Source
- C. Resolution No. 21-016