

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: FEBRUARY, 27 2017

ITEM NO: 4

SUBJECT: RATIFICATION OF CHANGE ORDER TO PURCHASE ORDER 171202 WITH CG POWER SYSTEMS OF WASHINGTON, MISSOURI, FOR ADDITIONAL TRANSFORMERS - CHANGE ORDER AMOUNT \$75,406

ISSUE:

Ratify the change order to add \$75,406 to purchase order 171202 with CG Power Systems of Washington, Missouri, to purchase two additional transformers, in accordance with Article XII, Section 1202(b)(2) of the City Charter.

RECOMMENDATION:

That the Board of Public Utilities ratify the change order to add \$75,406 to purchase order 171202 with CG Power Systems of Washington, Missouri, to purchase two 2,500 kVA transformers in accordance with Article XII, Section 1202(b)(2) of the City Charter.

BACKGROUND

Of the 14,950 distribution transformers currently installed on the Riverside Public Utilities electric system, only 51, or 0.3 percent of them are 2,500 kVA (see installed unit pictured below). These large capacity transformers typically serve high demand and high load density customers such as Riverside City College, the Water Quality Control Plant, or Sabert Manufacturing. These type of customers served by these large transformers provide valuable services, manufacturing, education and employment to the local community so reliable electric service is key to their success.



DISCUSSION

The preferred stock for the 2,500 kVA transformers is three. The current stock of this size transformer was depleted faster than expected due to several recent factors:

1. One of RPU's large business customers located in the Hunter Industrial Park area recently required replacement of a 2,500 kVA transformer due to an equipment failure;
2. Final electrical load demand submittals for other new projects will require an additional 2,500 kVA transformer not currently in stock; and
3. Increased pace of development within our service area has created anticipation of additional high demand and high load density customers requiring this size transformer.

In order to expediently establish sufficient stock of these large transformers for anticipated future replacements, new installations, and emergency spares, a change order was approved to add \$75,406 to purchase order 171202 with CG Power Systems, to purchase two additional 2,500 kVA transformers was completed. This purchase preserves RPU's obligation to serve new and existing electric distribution loads.

The change order does not exceed 10% of the original \$920,507.80 purchase order amount but does exceed \$50,000 in equipment purchases, requiring authorization by the Board of Public Utilities. Under the City Charter, Article XII, section 1202(b)(2), such a purchase may be made without prior approval if there is an urgent necessity to preserve property as determined by the General Manager. As soon as practicable thereafter, the RPU General Manager shall take the matter to the Board for ratification. This proposed Board action is intended to satisfy the Charter requirement.

The Purchasing Services Manager concurs that the recommended action.

FISCAL IMPACT:

The total amount of this change order is \$75,406. Sufficient funds are available in the Capital Improvement Account No. 6130000-470611.

Prepared by: George Hanson, Utilities Assistant General Manager/Energy Delivery
Approved by: Girish Balachandran, Utilities General Manager
Approved by: John A. Russo, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
of funds: Laura Chavez-Nomura, Utilities Assistant General Manager/Finance