

# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE:** APRIL 10, 2017

**ITEM NO:** 6

**SUBJECT:** CHANGE ORDER TO PURCHASE ORDER NO. 171202 WITH CG POWER SYSTEMS OF WASHINGTON, MISSOURI FOR ADDITIONAL STOCK OF DISTRIBUTION TRANSFORMERS FOR \$347,535

**ISSUE:**

Approve change order to Purchase Order 171202.

**RECOMMENDATION:**

That the Board of Public Utilities approve the change order and capital expenditure of \$347,535 for Purchase Order No. 171202, to purchase 24 pad-mounted, distribution transformers of various sizes to replenish stocking levels for summer 2017.

**BACKGROUND:**

An increased pace of development, customer load additions, and construction projects within our service area has reduced the number of pad-mounted distribution transformers below the optimal stocking levels.

Stocking levels will be increased for certain sizes of transformers in preparation for high system loading resulting from higher temperatures during upcoming summer season. These summer loading conditions historically increase the potential for transformer overloading and/or failure. Transformers are used in the distribution system to transform primary voltage to a useful secondary voltage to serve customers. The picture below shows a typical, pad-mounted distribution transformer.



Typical 150 kVA Padmounted Transformer

**DISCUSSION:**

Our normal stock of various sizes of pad-mounted distribution transformers has been depleted faster than normal this fiscal year due to new transformer placements required by an increased pace of development, customer load additions, and construction projects. Staff recommends that an additional twenty-four transformers be ordered as follows:

- 75 kVA – two transformers
- 150 kVA – four transformers
- 300 kVA – eight transformers
- 500 kVA – two transformers
- 750 kVA – four transformers
- 1,000 kVA – two transformers
- 2,000 kVA – one transformer
- 2,500 kVA – one transformer

Not proceeding with the change order would introduce potential risk to our obligation to serve new load and to perform restoration of existing load within our service area. In addition, a sufficient stock of the various transformer sizes eliminates the potential need to install an oversized transformer at a location where the correct size transformer is not available. Installing the appropriately sized transformer is cost effective and efficient, and it negates the need for additional crew time that would be required at a later time to return and install the appropriate sized transformer if an oversized transformer were to be installed initially.

Purchase Order No. 171202 was originally issued in the amount of \$920,507 for fiscal year 2016/17. On February 27, 2017, the Board of Public Utilities ratified a change order of \$75,406 for the expedited purchase and delivery of two 2,500 kVA transformers due to depleted stock levels. This proposed change order is a proactive action to assure all sizes of pad-mounted distribution transformers will be readily available during summer 2017. Staff will initiate the order for the transformers upon approval of the change order.

The original bid package and resulting purchase order for CG Power Systems was received on June 15, 2010, was for five years with two additional one year extensions, and will be re-bid before the start of next fiscal year. CG Power Systems honored the pricing from the 2010 bid. The Purchasing Services Manager concurs that the recommended actions comply with the City of Riverside's Purchasing Resolution No. 22576.

**FISCAL IMPACT:**

The total amount of this change order is \$347,535. 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: Manager/Finance	Laura Chavez-Nomura, Utilities Assistant General
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