

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: June 10, 2019

ITEM NO: 12

SUBJECT: BID NUMBER SUB-839 FOR THE FURNISHING AND DELIVERING OF ONE SUBSTATION POWER TRANSFORMER FOR FREEMAN SUBSTATION T2 TRANSFORMER FROM HYUNDAI ELECTRIC & ENERGY SYSTEM CO., LTD. IN THE AMOUNT OF \$1,189,464.00

ISSUE:

Award Bid Number SUB-839 for the furnishing and delivering of one substation power transformer for the Freeman Substation T2 transformer to Hyundai Electric & Energy system Co., Ltd. of Ulsan, Korea in the amount of \$1,189,464.00.

RECOMMENDATION:

That the Board of Public Utilities award Bid Number SUB-839 for the furnishing and delivering of one substation power transformer for the Freeman T2 transformer to Hyundai Electric & Energy System Co., Ltd. of Ulsan, Korea, in the amount of \$1,189,464.00.

BACKGROUND:

Substation power transformers (transformers) are the beating hearts of the power grid. Transformers are critical to the reliability and optimum operation of the electric grid. A single substation transformer can provide power to approximately 5,000 customers. As such, substation power transformers are critical assets in the Riverside Public Utilities' (RPU) electric system.

Substation power transformers are the single most expensive pieces of equipment in RPU's electric system. This is due to their building material, design and complexity of the manufacturing process. The failure of a single unit can result in a significant impact on the electric system's reliability and the safety of employees and the general public.



Typical Substation Power Transformer

On November 5, 2018, the Board of Public Utilities (Board) approved Work Order No. 1810532 in the amount of \$5,463,000 for the Freeman Switchgear and Transformer Upgrade project to replace switchgears 1 & 2 and add transformer T2 at the Freeman Substation. The work order total included engineering design, technical and construction support, equipment purchase, construction, and inspection. It also included the estimated cost of transformer T2 in the amount of \$1,400,000.

DISCUSSION:

Five (5) vendors were invited by RPU to submit bids in response to Bid Number SUB-839 through an informal procurement process for equipment and material. Four (4) vendors submitted bids with one bid considered non-responsive as it was received after the bid due date. Staff evaluated the bids and deemed Hyundai of Ulsan in Korea to be the lowest responsive and responsive bidder. The bid was within the engineer's estimate. The proposal base amount, transformer operating costs, and spare parts pursuant to the specification of Bid Number SUB-839 were all considered when evaluating the final bid amounts.

The proposals are summarized in the table below:

Vendors	Location	Evaluated Proposal Amount	Rank
1. Hyundai	Ulsan, Korea	\$1,189,464.00	1
2. ABB Inc.	Crystal Springs, MS	\$1,287,461.20	2
3. Delta Star Inc.	San Carlos, CA	\$1,304,646.79	3
4. SPX Transformer Solutions, Inc.	-	-	Non Responsive (Submitted bid after due date)
5. Virginia	-	-	No bid

➤ Engineer's Estimate \$1,400,000.00

The Purchasing Manager concurs that the recommended action complies with the current purchasing Resolution No, 23256.

FISCAL IMPACT:

The total fiscal impact is \$1,189,464. Sufficient funds are available in fiscal year 2018/19 budget in Public Utilities Substation Transformer Addition Capital Account No. 6130100-470632.

Prepared by: George R. Hanson, Utilities Assistant General Manager/Energy Delivery
 Approved by: Todd M. Corbin, Utilities General Manager
 Approved by: Al Zelinka, FAICP, City Manager
 Approved as to form: Gary G. Geuss, City Attorney

Certifies availability of funds: Brian Seinturier, Utilities Fiscal Manager

Attachments:

1. Project Site Map

2. Bid Award Recommendation
3. Presentation