

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to authorize the General Manager to approve a contract with **Larson Electronics** after completion of contract negotiations for **the purchase of Single Phase Padmounted Transformers**.

Board Meeting Date: May 3, 2022
Project Name/Contract #: Single Phase Padmounted Transformers Contract / 22-090-G
Primary Contact: Karen Kelley Ext. 7153

Contract Amount:

Original Contract Amount: \$3,500,000
Additional \$ Previously Approved: NA
Invoices over last approval: NA
Amount this Request: \$3,500,000
Percentage over last approval: NA
Resulting Cumulative Total: **\$3,500,000**

Contracting Method:

Method of Solicitation: Direct Negotiation
If applicable, basis for exemption: EWEB Rule 3-0275 Sole Source Procurements
Term of Agreement: One time purchase
Option to Renew? No
Approval for purchases "as needed"
for the life of the Contract: Yes No
Proposals/Bids Received (Range): NA
Selection Basis: Sole Source Supplier

Narrative:

Operational Requirement and Alignment with Strategic Plan

This Contract is for the purchase of a select number of single phase padmounted transformers for use in our electric distribution system. This contract will serve to fill the gap where EWEB's current Contract holder for these transformers is unable to supply in a timely manner due to severe supply chain and labor issues. Current production slots under the existing Contract are limited and pushed out until October of 2022.

Staff developed a list of transformers to purchase based upon forecasted project needs, current inventory and where open orders will fall short of project schedules. This will allow EWEB to continue to meet the need of new connections and installation and maintain critical inventory for outages and emergencies through 2023 and meet EWEB's obligation to serve.

Contracted Goods or Services

The transformers to be purchased under this contract include varying quantities of five (5) different classes of single phase padmounted transformers to be stocked and stored in our Transformer shop for as-needed use in our electric distribution system. Transformers must be delivered no later than 28 weeks of final contract award. The total

quantity is 221 units of various sizes and will include those used for reliability & replacement, new customer connections, and emergent and storm restorations.

A portion of the funding for these transformers is reimbursable through customer work.

Purchasing Process

In a continued effort to source single phase padmounted transformers, Staff found a vendor, Larson Electronics, who can supply these transformers with a lead time of 22-28 weeks, with the last bid returning 60+ weeks of lead time with other vendors. Placing an order will allow EWEB to limit anticipated Customer and Developer project delays by approximately 6 months. Staff developed a list of transformers to purchase based upon forecasted project needs, current inventory, emergency inventory, and where open orders will fall short of project schedules in 2022 and 2023. Staff is working with the vendor to determine at what capacity they can fulfill without affecting lead times. The transformers to be purchased meet EWEB's current specification. Final Contract negotiations and a thorough review of references of this supplier will be conducted by staff and final order quantities will be defined to limit affect to supplier's lead time. EWEB is working to finalize the Contract and order no later than May 14th when the Contractor's quote will expire.

Considering the shortage of vendors able to supply these transformers earlier than 52 weeks, EWEB will need to move forward quickly with this purchase to secure these transformers at the rates and lead times currently offered. If not, it will be likely that most customer work associated with electric distribution service upgrades and new services requiring new transformers will be halted until early 2023 starting in Q2. This would have a severe impact on the building community and community housing inventory and industrial growth. To mitigate this risk quickly and efficiently, Staff are recommending award of this contract on an ASAP basis to help mitigate these impacts and ensure continued customer workflow can continue through the 2022 year and into 2023, while maintaining storm and emergent failure contingency stock.

Bids Received

NA

Competitive Fair Price

Direct outreach was made to several manufacturers and distributors. Pricing received, while high, is at current market value compared to various transformer manufacturers Staff have contacted.

Prior Contract Activities

NA

ACTION REQUESTED:

Management requests the Board authorize the General Manager to approve a Contractor after completion of contract negotiations with Larson Electronics for the purchase of single phase padmounted transformers. Approximately \$470,000 was planned for these goods in the 2022 Electric Capital Budget of \$55 million. Some of these units will also be planned and budgeted for use in 2023 and 2024. Variances will be managed within the budget process and Board policy.