




RESOLUTION NO. _____

BOARD LETTER APPROVAL


David W. Hanson (Sep 30, 2024 08:28 PDT)

DAVID W. HANSON
Senior Assistant General Manager
Power System


Aram Benyamini (Sep 30, 2024 08:48 PDT)

ARAM BENYAMIN
Chief Operating Officer



JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: September 9, 2024

SUBJECT: Contract No. 493 for Transformers, 4.8-kV, Three-Phase, Padmount, Dead-Front with Doubletree Systems, Inc.

SUMMARY

The proposed Contract No. 493 (Contract) is to furnish and deliver 4.8-kiloVolt (kV), three-phase, padmount, dead-front transformers for a period of one year with two one-year optional renewal periods (anticipated contract expiration date of October 2027). The total estimated expenditure is \$19,381,545 for an amount not to exceed \$24,226,932 (budgeted).

The transformers furnished under this Contract are for warehouse stock and will be used to step down the voltage from 4.8-kV to the customer voltage requirement. The new transformers will be used to replace failed transformers, upgrade existing transformers, and provide electrical service to new customers.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution authorizing the award of Contract No. 493 to Doubletree Systems, Inc. (Doubletree), the lowest evaluated and responsive bidder.

ALTERNATIVES CONSIDERED

There are no other alternatives at this time. LADWP does not have the capability or facilities to fabricate transformers. LADWP has historically purchased these transformers. Failure to procure transformers will result in reduced power system reliability and an inability to provide electric service to new customers.

FINANCIAL INFORMATION

The Contract is for a term of one year with two one-year optional renewal periods and is budgeted.

	<u>Minimum Expenditure</u>	<u>Estimated Expenditure</u>	<u>Maximum Expenditure</u>
Original Contractual Period	\$ 1,615,129	\$ 6,460,515	\$ 8,075,644
First Optional Period		\$ 6,460,515	\$ 8,075,644
Second Optional Period		\$ 6,460,515	\$ 8,075,644
Contract Total	\$ 1,615,129	\$ 19,381,545	\$ 24,226,932

LADWP agrees to a minimum expenditure of 25 percent and a maximum expenditure of 125 percent of the estimated expenditure. The maximum expenditure will not exceed \$24,226,932.

The total quotation of \$19,381,545 is approximately 6 percent lower than the Department's estimated cost of \$20,550,000. The estimate was based on current pricing with escalation factors due to expected increases in commodities, manufacturing costs, and transportation. The price variance is due to competitive bidding.

BACKGROUND

The transformers furnished under this Contract are some of the critical equipment within the power system that allows LADWP to serve the customer's load at the specified service voltage. The Contract furnishes transformers of various sizes and voltage ratings to be able to meet electric service requirements specified by customers. These transformers may be used as part of a new service request, when customers request an upgrade to their electric service, or when equipment has reached the end of its service life.

Losses and purchase price should be considered when deciding which transformer to purchase. LADWP evaluates transformer losses. These losses are electrical losses which are also known as "no-load" losses and "load" losses. The total of the prices quoted and their transformer losses determine the total evaluated cost for each bidder. The electric utility industry uses the total operation cost (TOC) equation to factor in the long-term cost of a transformer with the up-front cost. The upfront cost is the initial price, and the long-term cost is the energy lost due to energizing the

transformer and passing power through. Utilizing the TOC equation, Doubletree is the lowest evaluated bidder.

Doubletree will be utilizing JSHP Transformer (JSHP) to manufacture the transformers. JSHP's manufacturing facility is located in China. LADWP has purchased JSHP transformers from Doubletree under a previous contract.

Invitation for Bid No. 493 has a price adjustment clause based on five commodities. Therefore, the base unit price of transformers will be adjusted quarterly based on commodity prices of aluminum, copper, carbon steel, core steel, and oil.

Doubletree has performed satisfactorily under previous contracts.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, the purchase of transformers is not subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution

PROCUREMENT SUMMARY

1.	Recommended Vendor(s): Doubletree Systems, Inc. (Doubletree)
2.	Procurement Type: Invitation for Bid (IFB)
3.	Procurement Details: A. Contract Status: Replacement B. Bid Advertisement Date: March 11, 2024 C. Pre-Bid Conference Date: N/A D. Bid/Proposal Due Date: May 26, 2024 E. Number of Downloads of Solicitation: 61* (54 primes, 7 subcontractors) F. Number of Bids/Proposals Received: 20 G. Protest Received: No
4.	Buyer Assigned: Daisy Curaming
5.	Contract Administrator: Peter Wei
6.	LADWP System/Division: Power Capital Projects and External Generation Division
7.	Contact Person for Item: Daniel Baker

*Note: eRSP requires vendors to express interest either as a prime contractor or subcontractor only in order to download solicitation documents. Downloads do not necessarily accurately reflect unique vendor interests as multiple individuals in an organization can download solicitations.

A. Summary of the Ten Lowest Evaluated Bids Received

	Jiangsu Yawei Transformer Co.	Doubletree	Impact Power, LLC
Original Period	\$4,584,185	\$6,460,515	\$6,970,244
1 st Optional Period	\$4,584,185	\$6,460,515	\$6,970,244
2 nd Optional Period	\$4,584,185	\$6,460,515	\$6,970,244
Total of Bid Amount	\$13,752,555	\$19,381,545	\$20,912,370
Less: Cash Terms Discount	-	-	-
Less: LBPP	-	-	(\$1,000,000)*
Add: Losses	\$10,511,663	\$9,386,453	\$9,717,818
Total Evaluated Amount	\$24,264,218 Nonresponsive	\$28,767,998	\$29,630,188

	Kukdong Electric Co. Ltd.	Lekson Inc. (Bid No. 22557205)	Pak Electron Limited
Original Period	\$5,677,800	\$7,557,840	\$5,947,905
1 st Optional Period	\$5,677,800	\$7,557,840	\$5,947,905
2 nd Optional Period	\$5,677,800	\$7,557,840	\$5,947,905
Total of Bid Amount	\$17,033,400	\$22,674,664	\$17,843,715
Less: Cash Term Discount	-	-	-
Less: LBPP	-	(\$1,000,000)*	-
Add: Losses	\$13,936,823	\$10,042,718	\$14,123,850
Total Evaluated Amount	\$30,970,223	\$31,717,382	\$31,967,565

	Power Electronics	El Power Tech Co.	MVA Power, Inc.
Original Period	\$6,512,720	\$8,479,765	\$7,388,604
1 st Optional Period	\$6,512,720	\$8,479,765	\$7,389,725
2 nd Optional Period	\$6,512,720	\$8,479,765	\$7,392,080
Total of Bid Amount	\$19,538,160	\$25,439,295	\$22,170,409
Less: Cash Term Discount	-	-	-
Less: LBPP	-	-	-
Add: Losses	\$13,789,875	\$9,378,278	\$13,731,383
Total Evaluated Amount	\$33,328,035	\$34,817,573	\$35,901,792

	Nexgen Power, Inc.
Original Period	\$9,020,300
1 st Optional Period	\$9,020,300
2 nd Optional Period	\$9,020,300
Total of Bid Amount	\$27,060,900
Less: Cash Term Discount	-
Less: LBPP	(\$1,000,000)*
Add: : Losses	\$10,682,798
Total Evaluated Amount	\$36,743,698

*LBPP applied is the maximum cap of \$1M

B. Evaluation of Bid

LADWP received 20 bids under IFB 493.

Jiangsu Yawei Transformer Co. Ltd. (Jiangsu) submitted the lowest evaluated bid. However, Jiangsu took exceptions to the technical requirements of IFB 493. Jiangsu proposed Items 1, 4, and 9 using external bracing, while the IFB required internal bracing. External bracing compromises the structural rigidity of the transformer tank and shortens the life of the transformers. Therefore, Jiangsu's bid is deemed nonresponsive, and no award can be made to this firm.

Doubletree submitted the lowest evaluated and responsive bid utilizing the TOC equation and is in full compliance with the specifications.

Prices submitted under Bid No. 493 have been determined to be fair and reasonable based on a competitive bid process.

C. Procurement History

Service/Item History – Number of Times Item or Service has been Procured					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
214	Cheryong Electric Co., Ltd.	One Year with Two Optional One-Year Periods	9/26/2021	9/25/2024	\$15,861,879

830	Young & Company	One Year with Two Optional One-Year Periods	9/26/2018	9/25/2021	\$11,054,508
551	Shihlin Electric USA	One Year with Two Optional One-Year Periods	2/10/2014	2/09/2017	\$6,111,600
188	Howard Industries, Inc	One Year with Two Optional One-Year Periods	12/17/2010	12/16/2013	\$7,544,310
842	Howard Industries, Inc	One Year with Two Optional One-Year Periods	7/20/2007	07/19/2010	\$7,758,984

Vendor Experience – Number of Contracts Vendor had with LADWP During the past 5 Years					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	End Date	Contract Amount
1176	Transformers, Padmount, Single-Phase	One Year with Two Optional One-Year Periods	4/16/2024	4/15/2027	\$15,000,000
44213	Transformer, Medium Voltage	One Time Purchase	5/22/2022	-	\$88,398

D. Local Business Preference Program (LBPP)

The LBPP was included in this Bid. However, LBPP was not a determining factor in the evaluation and recommendation of award for this Contract.

E. Additional Outreach Efforts Taken

In addition to the original bid list, the following outreach efforts were taken:

- The IFB was posted on the City of Los Angeles Regional Alliance Marketplace for Procurement website.
- The IFB was electronically advertised on eRSP for direct download.

F. Small Business Enterprises (SBE)/Disabled Veterans Business Enterprises (DVBE)/Minority Business Enterprises (MBE)/Women Business Enterprises (WBE)/Other Business Enterprises (OBE) Participation

Not applicable as this is a contract for materials.