



RESOLUTION NO. _____

BOARD LETTER APPROVAL

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David W Hanson (Sep 26, 2024 14:17 PDT)

DAVID W. HANSON
Senior Assistant General Manager
Power System

A handwritten signature in black ink, appearing to read 'A. Benyamin', is positioned above a horizontal line.

Aram Benyamin (Sep 26, 2024 15:32 MDT)

ARAM BENYAMIN
Chief Operating Officer

A handwritten signature in black ink, appearing to read 'J. Quiñones', is positioned above a horizontal line.

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: September 9, 2024

SUBJECT: Contract No. 679 for Transformers, Subsurface, Single-Phase with Cheryong Electric Co., Ltd.

SUMMARY

The proposed Contract No. 679 (Contract) is to furnish and deliver single-phase subsurface transformers, for a period of one year with two one-year optional renewal periods (anticipated contract expiration date is October 2027). The total estimated expenditure is \$32,066,280 and for an amount not to exceed \$40,082,850 (budgeted).

The transformers are for warehouse stock and will be used to step down the voltage from 4.8 kilovolts (kV) to the customer's voltage requirements. The new transformers will replace failed transformers, upgrade existing transformers, and be used for installations required for new electric services. They will be installed in underground vaults as part of the underground distribution system.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution authorizing the approval of Contract No. 679 with Cheryong Electric Co., Ltd. (Cheryong), 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.

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	\$ 2,672,190	\$ 10,688,760	\$ 13,360,950
First Optional Period		\$ 10,688,760	\$ 13,360,950
Second Optional Period		\$ 10,688,760	\$ 13,360,950
Contract Total	\$ 2,672,190	\$ 32,066,280	\$ 40,082,850

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 \$40,082,850.

The total quotation of \$32,066,280 is approximately 11 percent lower than LADWP's estimated cost of \$36,118,500. 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 are for warehouse stock and will be used to step down the voltage from 4.8 kV to the customer's voltage requirements. LADWP uses various types of transformers to provide electric service to customers, including subsurface designs that allow installation in vaults as part of the underground distribution system. The new transformers, furnished under this Contract, are critical equipment within the power system, enabling LADWP to meet specified service voltages. They will replace failed transformers, upgrade existing transformers, and facilitate installations required for new electric services. These transformers come in various sizes and voltage ratings to meet customer electric service requirements.

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, Cheryong is the lowest evaluated bidder.

Invitation for Bid No. 679 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, stainless steel, core steel, and oil.

Cheryong 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 approval of a contract to purchase 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): Cheryong Electric Co., Ltd. (Cheryong)
2.	Procurement Type: Invitation for Bid (IFB)
3.	Procurement Details: A. Contract Status: Replacement B. Bid Advertisement Date: May 23, 2024 C. Pre-Bid Conference Date: N/A D. Bid/Proposal Due Date: June 25, 2024 E. Number of Downloads of Solicitation: 40* (39 primes, 1 subcontractor) F. Number of Bids/Proposals Received: 9 G. Protest Received: No
4.	Buyer Assigned: Kien Hua/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 Bids Received

	CribMD	Cheryong	Baiyun Mingde Intl. Eng. Mgmt. Co. Ltd.
Original Period	\$7,123,150	\$10,688,760	\$11,314,975
1 st Optional Period	\$7,123,150	\$10,688,760	\$11,314,975
2 nd Optional Period	\$7,123,150	\$10,688,760	\$11,314,975
Total of Bid Amount	\$21,369,450	\$32,066,280	\$33,944,925
Less: Cash Terms Discount	-	-	-
Less: LBPP	(\$1,000,000)	-	-
Add: Losses	\$7,566,023	\$12,517,613	\$11,165,910
Total Evaluated Amount	\$27,935,473 Nonresponsive	\$44,583,893	\$45,110,835

	General Pacific, Inc.	Doubletree Systems, Inc.	Impact Power, LLC
Original Period	\$13,132,640	\$19,850,090	\$23,293,136
1 st Optional Period	\$13,132,640	\$19,850,090	\$23,293,136
2 nd Optional Period	\$13,132,640	\$19,850,090	\$23,293,136
Total of Bid Amount	\$39,397,920	\$59,550,270	\$69,879,408
Less: Cash Term Discount	-	-	-
Less: LBPP	-	-	-
Add: Losses	\$12,956,940	\$14,180,775	\$13,089,893
Total Evaluated Amount	\$52,354,860	\$73,731,045	\$82,969,300

	Young & Company	Raul Ortega	ABCO Dev.'t Corp.
Original Period	\$24,285,865	\$27,595,040	\$27,795,000
1 st Optional Period	\$24,285,865	\$27,595,040	\$27,795,000
2 nd Optional Period	\$24,285,865	\$27,595,040	\$27,795,000
Total of Bid Amount	\$72,857,595	\$82,785,120	\$83,385,000
Less: Cash Term Discount	-	-	-
Less: LBPP	-	-	-
Add: Losses	\$12,877,455	**_	**_
Total Evaluated Amount	\$85,735,050	Nonresponsive	Nonresponsive

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

**Transformer losses not calculated. Bidder did not submit Form 12- Guaranteed Characteristics.

B. Evaluation of Bid

LADWP received 9 bids under IFB No. 679.

CribMD submitted the lowest evaluated bid. However, they took exception to the delivery day requirements of IFB No. 679. Therefore, CribMD's bid is deemed nonresponsive, and no award can be made to this firm.

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

Prices submitted under Bid No. 679 have been determined to be fair and reasonable based on a competitive bid process.

The Vendor Authentication Unit performed a cursory review on Cheryong, and no issues were found.

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
649	Power Partners, LLC	One Year with Two Optional One-Year Periods	10/19/2021	10/18/2024	\$22,230,018
494	Power Partners, LLC	One Year with Four Optional One-Year Periods	10/5/2016	10/4/2021	\$30,630,905
393	Power Partners, LLC	One Year with Two Optional One-Year Periods	8/17/2012	8/16/2015	\$8,804,943
964	OneSource Distributors	One Year with Two Optional One-Year Periods	2/03/2009	2/02/2012	\$11,594,247

Cheryong Experience – Number of Contracts Cheryong had with LADWP During the past 5 Years					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	End Date	Contract Amount
214	Transformers, 4.8-kV, Three-Phase, Padmount, Dead-Front	One Year with Two Optional One-Year Periods	9/26/2021	9/25/2024	\$15,861,879
600A	Furnish And Deliver Transformers, Overhead and Padmount, Single-Phase	One Year with Two Optional One-Year Periods	5/6/2019	5/5/2022	\$25,978,125

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.