



STAFF REPORT

DATE: 11/05/2025
TO: Honorable Mayor and City Council Members
FROM: Utilities Department

2025-429

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:

CHANGE ORDER TO CITY ELECTRIC SUPPLY FOR TARIFFS ASSOCIATED WITH THE PURCHASE OF 750 KVA PAD MOUNTED TRANSFORMERS

EXECUTIVE SUMMARY:

This staff report asks the City Council to approve an increase to the change order authority for City Electric Supply's existing purchase order for tariffs on the purchase of three 750 kVA Pad Mounted Transformers.

RECOMMENDED ACTION:

That the City Council approve an increase to the change order authority for City Electric Supply's purchase order in the amount of \$19,976.73 for a total change order authority of \$34,870.75 due to tariffs associated with the purchase of three (3) 750 kVA Pad Mounted Transformers.

BACKGROUND & HISTORY:

Pad Mounted Transformers are essential pieces of electrical equipment that step down high voltage electricity from power lines to a lower voltage suitable for residential, commercial, and industrial use. The 750 Kilovolt-amperes (kVA) transformers are large transformers typically employed to supply power to commercial structures that demand substantial electrical capacity, such as those equipped with numerous heavy-duty motors, machinery, lighting fixtures and Heating, Ventilation, Air Conditioning (HVAC) systems. During a preventative maintenance inspection, the Utilities Department (UD) identified two 750 kVA pad-mounted transformers at the northeast intersection of North Joy Street

and East Harrison Street that were showing visible signs of corrosion, oil leakage from fuses and the transformer tank, structural concerns, and the need for new fasteners.

On September 4, 2024, UD solicited bids for the replacement of the transformers. Three bids were received on September 12, 2024. On November 20, 2024, UD requested authorization from the City Council for the issuance of a purchase order for three 750 kVA pad-mounted transformers to City Electric Supply. An additional transformer was ordered to be stored in the warehouse as a contingency measure to expedite emergency replacements. Due to extended lead times for the new transformers, UD hired a contractor to conduct repairs on the existing transformers. These repairs, which occurred in July 2025, were intended to keep the transformers operational in the short term until new ones arrived.

Following the issuance of the purchase order in January 2025, City Electric Supply ordered the 750 kVA transformers from a manufacturer in India. In August 2025, an additional ad valorem tariff of 25 percent was imposed on goods imported from India. In addition to the existing tariff, which brought the total tariff value up to 50% on goods imported from India. The transformers arrived in October 2025.

ANALYSIS:

When City Electric Supply became aware of the additional tariffs, they contacted UD to request a purchase order increase to cover the additional cost. The manufacturer absorbed a portion of the tariff and passed the remainder on to City Electric Supply. City Electric Supply plans to share the burden of this unexpected cost by absorbing 30% of the tariff. The portion of the increase requested of the City, including tax, is \$25,705.18.

The original bid price for the three kVA transformers was \$148,940.20. City Council granted the City Manager, or his designee, change order authority of 10% or \$14,894.02 on the November 20, 2024, Council action. Prior to placement of the order, a change order of \$9,165.57 was issued for a specification change to ensure the transformers were safety certified at the highest level, or “UL certified”, making the total cost of the three (3) kVA transformers \$158,105.78. The remaining change order authority at the time was \$5,728.45. The increase due to tariffs exceeds the existing change order authority by \$19,976.73.

This additional change order request will exceed the change order authority as shown below.

Original Purchase Order Authorization	\$148,940.21
10% Change Order Authority	14,894.02
Change Order No. 1	9,165.57
<u>Change Order No. 2</u>	<u>25,705.18</u>
Additional change order authority requested	\$19,976.73

An additional tariff on products from India was not anticipated at the time of this bid, and City Electric Supply has agreed to take on 30% of the tariff cost. If UD were required to

rebid and reorder this equipment, lead times would be extensive, and while UD has made repairs to the two (2) 750 kVA transformers, that was intended to be a short-term measure until the new transformers arrived. Replacement of the two 750 kVA transformers is essential to maintain reliability. Therefore, UD requests an increase of \$19,976.73 to the change order authority for City Electric Supply's purchase order to cover the cost of additional tariffs.

FINANCIAL IMPACT:

Funding for the recommended action is available in the Transformer Lifecycle Replacements at Various Locations Operating and Maintenance Project No. 76320 within Greenfield Electric Utility Fund 578.

ENVIRONMENTAL ANALYSIS:

This action is categorically exempt pursuant to Section 15302 (c) of the Guidelines for the California Environmental Quality Action (CEQA), which states that "operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the CEQA determination" and is therefore exempt from CEQA. This action involves repairs to existing infrastructure to maintain public health and safety. Therefore, the action is exempt from the requirements of CEQA, and no environmental analysis is required.

PREPARED BY: ERIN KUNKLE, MAINTENANCE MANAGER

REVIEWED BY: TOM MOODY, UTILITIES DIRECTOR

ATTACHMENT:

1. Exhibit 1 – City Electric Supply Increase Request