

EXECUTIVE BRIEF

ELECTRIC UTILITY MEETING

AGENDA DATE: July 27, 2021

TITLE:

Agreement with SPX Transformer Solutions for the purchase of two (2) 138kV to 26kV step-down power transformers

SUMMARY:

Agreement authorizes SPX Transformer Solutions to provide two (2) 138kV to 26kV step-down power transformers for the City's Electric Utility at a cost not to exceed \$3,500,000. This project has been identified as an element of the City's electric utility System Hardening and Reliability Improvement Project (SHRIP) for which bonds were sold in November 2020.

BACKGROUND AND JUSTIFICATION:

Currently, the Electric Utility is working on the design and material procurement for the new 138kV Canal Switchyard and Canal 8-Bay Distribution Substation. The new Canal 8-Bay substation will receive 138kV power from the new 138kV switchyard and requires two (2) new 138kV to 26kV step-down power transformers. The Canal Distribution Substation provides electric power directly to approximately 5,800 customers via three 26kV circuits (6001, 6003 and 6004), which are currently undergoing significant upgrades for reliability improvements and are among the City's electric utility's top 10 poorest performing circuits. The Canal Distribution Substation also serves as Palm Beach State College's alternate source of 4kV electric power supply, which is currently being converted to 26kV as well.

The Canal Distribution Substation also serves as a back-up via an "express feeder" linking it to the 26kV Main Yard Substation on College Street, thereby carrying an additional 8,552 residents and business owners when needed in the event of an emergency or during planned maintenance on the system. The "express feeder" serves to move electric power from east to west, or west to east in our service territory in the event of an outage on a portion of the 138kV transmission system and has been utilized in this manner multiple times over recent years.

In order to provide for improved reliability to customers within the City, the neighboring Village of Palm Springs, and in un-incorporated areas of Palm Beach County served by our electric utility, the new Canal 8-Bay Distribution Substation includes provisions for two (2) 138kV to 26kV step-down power transformer providing for redundancy in the event of a failure of the existing single transformer or periodic maintenance without pushing equipment to critical limits.

On, January 26, 2019 at 06:07 am, the TPTL-1 Transformer in the Main Substation failed suddenly and without warning, immediately disrupting power to 13,200 customers. The City worked closely with various organizations to locate and obtain a new 138kV to 26kV step-down power transformer expeditiously as lead times at that time were approximately 12 to 18 months. Jacksonville Electric Authority (JEA) had a multi-year agreement with SPX Transformer Solutions and had a 138kV to 26kV transformer in production which they quickly offered to the City. Through negotiations, JEA was willing and able to release their order to the City and the transformer was purchased late-production under the JEA-SPX piggy-pack Agreement. In April

of 2019, the new transformer was received, tested, commissioned and placed into service on April 17, 2019. The timing and installation of the new TPTL-1 transformer was critical to the City as the unit was received, installed and placed into service just prior to the summer months when peak loading occurs. To date the unit has performed flawlessly with no issues.

City's Electric Utility has been working closely with SPX Transformer Solutions to finalize the attached Agreement. The challenges revolved around the unit pricing under the original JEA Agreement and a 5% maximum allowable price escalation per year. The results of current market conditions led to an increase in commodity prices and resulted in an increase in the current day unit price which exceeded the allowable price escalation provision in the JEA Agreement. The Electric Utility has engaged in extensive due diligence of SPX's proposed increased unit prices and determined that the increased unit prices are still competitive in the market and that a separate competitive procurement process by the City will not likely result in lower unit prices, a better product or more favorable terms and conditions.

The Electric Utility is requesting under Section 2-112 (g), of the City's Procurement Code a waiver of the competitive procurement procedures that it is not practicable or advantageous for the City to pursue a separate competitive procurement process. Under this Agreement, the Electric Utility is requesting to purchase two (2) 138kV to 26kV step-down power transformers with the option to purchase one (1) additional unit in Fiscal Year 2022.

MOTION:

Move to approve/disapprove Agreement SPX Transformer Solutions for the purchase of two (2) 138kV to 26kV step-down power transformers at a cost not to exceed \$3,500,000

ATTACHMENT(S):

Fiscal Impact Analysis
Agreement

FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2021	2022	2023	2024	2025
Capital Expenditures	\$2,205,000	\$1,295,000	0	0	0
Operating Expenditures	0	0	0	0	0
External Revenues	0	0	0	0	0
Program Income	0	0	0	0	0
In-kind Match	0	0	0	0	0
Net Fiscal Impact	\$2,205,000	\$1,295,000	0	0	0
No. of Addn'l Full-Time Employee Positions	0	0	0	0	0

B. Recommended Sources of Funds/Summary of Fiscal Impact: Funds have been identified in account No. 421-6034-531-63.15, Project No. SH2113.

Account Number	Account Description	Project Number	FY21 Budget	Current Balance	Agenda Expenditure	Balance
421-6034-531-63.15	Improve Other than Build/Infrastructure	SH2113	\$6,500,000	\$5,740,000	-\$2,205,000	\$3,535,000