

STAFF REPORT UTILITY MEETING

AGENDA DATE: September 26, 2023

DEPARTMENT: Electric Utility

TITLE:

Ratification of Purchases from NuCAT Corporation under Work Orders #61 thru #73

SUMMARY:

This agenda item is seeking City Commission ratification of Work Orders numbered #61 to #73 for work which Electric Utility department personnel authorized but did not obtain formal purchasing authorization. The cumulative value of the work orders for ratification is \$412,672.

BACKGROUND AND JUSTIFICATION:

In 2022 and 2023, the Electric Utility Department authorized a City contracted vendor to proceed with work aimed at tackling urgent challenges without adhering to all of the City's purchasing requirements. The work encompassed a range of activities, the majority of which is categorized as Operations and Maintenance (O&M) work. The work included testing underground cabling, transformer build-out, transformer repairs, repair of breakers, transformer testing and replacement, as well as circuit breaker maintenance. Each segment of the work (13 separate activities) qualified for the City Manager's purchasing approval as a work order of less than \$50,000 and funds were available for the work; however, the proper purchasing approvals were not obtained prior to the work commencing and being completed.

Among the total of thirteen (13) work activities, eight (8) were O&M activities necessitated by emergent circumstances stemming from either existing failures or immediate threats of potential disruptions leading to substantial outages. These situations required rapid response and resolution to prevent further complications. Additionally, three (3) work activities were categorized as capital projects. WO #61 was driven by time-sensitive considerations linked to project schedules. WO #62 and WO #63 were driven by transformer manufacturer warranty obligations. These projects were carefully planned to align with specific timelines, ensuring the optimization of resources and warranties. Furthermore, WO #65 and WO #68, were intricately timed due to seasonal system demand load constraints, aligning with the progress of preceding emergent tasks. While not technically adhering to the purchasing requirements, this strategic sequencing of work helped in maximizing operational efficiency and minimizing any operational disruptions to the Electric Utility customers.

The vendor utilized for the work, NuCAT Corporation, is a specialized electric utility contractor, which has a long-standing and competitively selected contract with the City and has extensive experience with this type of work.

When the lack of proper purchasing procedures was discovered, it was self-reported by the Electric Utility staff, who initiated and managed the work, to the Financial Services Department. The matter was then promptly addressed by the Electric Utility including preparing Exception to Procurement forms for each work order, appropriate disciplinary action, development of a corrective action plan detailing the required procedures, and all City staff involved received mandatory purchasing training by the Procurement Division. The matter has further been reported to the Palm Beach County Office of Inspector General. The Procurement Division will continue to provide mandatory training to all City staff to ensure all current and new personnel are educated and aware of the required purchasing procedures for all City purchases.

Due to the total amount of the purchases from NuCAT, the City is requesting City Commission approval in an effort to provide further transparency and acknowledgement of the matter.

MOTION:

Move to approve/disapprove ratification of the purchases from NuCAT Corporation under Work Orders 61 thru 73 for a total aggregate cost of \$412,672.

ATTACHMENT(S):

Fiscal Impact Analysis

NuCAT WO#61 - 7th Ave Substation Equipment Testing

NuCAT WO#62 - Assemble and Test Tx WT05887

NuCAT WO#63 - Assemble and Test Tx WT05888

NuCAT WO#64 - Supply (3) 50DHP350 Circuit Breakers

NuCAT WO#65 - TD 70 LTC Repair

NuCAT WO#66 - Inspect and Test 26B1W05

NuCAT WO#67 - Inspect and Test 26B5001, 5002 and 5003

NuCAT WO#68 - Repair Transformer TD-12

NuCAT WO#69 - Install New Interrupters Spare Circuit Breaker

NuCAT WO#70 - Repair and test Circuit Breaker 26BE09

NuCAT WO#71 - Test GT2 Transformer

NuCAT WO#72 - Replace TD-12

NuCAT WO#73 - LTC TD06

All Work Orders are together as one attachment and the Exception to Procurement forms are together as a separate attachment.

FISCAL IMPACT ANALYSIS

Five Year Summary of Fiscal Impact:

Fiscal Years	2023	2024	2025	2026	2027
Inflows					
Current Appropriation	0	0	0	0	0
Program Income	0	0	0	0	0
Grants	0	0	0	0	0
In Kind	0	0	0	0	0
Outflows					
Current Appropriation	\$130,567	0	0	0	0
Operating	\$282,105	0	0	0	0
Capital	0	0	0	0	0
Net Fiscal Impact	\$282,105	0	0	0	0
No. of Addn'l Full-Time Employee Positions	0	0	0	0	0

Budget Transfer Impact

	Revenue Source	Expenditure
Department	Electric	Electric
Division	System Operations	Transmission & Distribution
GL Description	Contractual Services	Repair/Maint Services/Substation Equipment
GL Account Number	401-6033-531-34.50	401-6034-531-46.71
Project Number		
Requested Funds	-\$282,105	+\$282,105

Contract Award - Existing Appropriation

	Expenditure
Department	Electric
Division	Transmission & Distribution
GL Description	Repair/Maint Services/Substation Equipment <i>and</i> Improve Other than Build / Infrastructure
GL Account Number	401-6034-531-46-71 & 421-6034-531-63-15
Project Number	Numerous
Requested Funds	\$412,672 (Sum of \$130,567 + \$282,105)