

COUNCIL ACTION FORM

SUBJECT: 69kV BREAKER REPLACEMENT FOR ELECTRIC SERVICES

BACKGROUND:

This bid is for the purchase of one 69kV breaker for Electric Services. Electric Services staff will do the installation. This breaker will replace a 69kV line breaker at the Dayton Avenue substation that is fed from the Ames Plant Switchyard.

The 69kV transmission line between Ames Plant and the Dayton Avenue Substation is the heaviest loaded segment of our 69kV loop and serves important industrial loads such as Amcor, 3M, and Sauer-Danfoss, among many others. This breaker will replace an old three-tank oil breaker that was installed in 1971 and was not installed with an oil containment barrier in case of spills. The new breaker operates in SF₆ gas instead of oil eliminating the need for oil containment. Additionally, the new breaker has quicker response time to transmission line faults over the existing breaker. The old breaker has also had bushing problem which our maintenance crew has been unable to remedy due to the difficulty in obtaining obsolete parts.

On January 14, 2013, the Request for Quotation (RFQ) document was issued to five potential bidders. The RFQ was also advertised on the Current Bid Opportunities section of the Purchasing webpage. It was also sent to two plan rooms.

On January 28, 2013, one bid was received as shown below:

Bidder	Bid Amount
Mitsubishi Electric Warrendale, PA	\$52,873.00

Staff has concluded that the bid submitted by Mitsubishi Electric, Warrendale, PA, in the amount of \$52,873.00 (inclusive of Iowa sales tax) is acceptable. Mitsubishi Electric submitted a "Conditions of Sale" document with their bid. Staff reviewed them and determined that they are the exact same terms & conditions that Mitsubishi submitted the last time we awarded a similar project to them at the July 27, 2010 City Council meeting.

Prior to the July 27, 2010 Council meeting, staff consulted the City Attorney and communicated unacceptable exceptions to Mitsubishi Electric. In Mitsubishi Electric's response they agreed to change all but two of the disputed terms & conditions. The City Attorney was again consulted on Mitsubishi's response and he agreed to the changes Mitsubishi proposed. **Mitsubishi agrees that the same mutually agreed terms and conditions from 2010 will also apply to this procurement.**

At outlined in the July 27, 2010 Council Action Form, there were still two disputed items by Mitsubishi Electric that needed to be presented to City Council for consideration. **At that time Council approved the two items and awarded the contract to Mitsubishi.** Those same two items are again presented this time to City Council for consideration. The first one deals with changing the law applicable to interpretation of the contract from Iowa to Pennsylvania. The second one deals with conflict resolution. The "Conditions of Sale" document states that "Disputes are subject to mandatory arbitration". **The City Attorney's Office reviewed each of these items and found that, although it is preferable to have Iowa law apply and to avoid mandatory arbitration clauses, Mitsubishi Electric's alternative terms pose minimal risk to the City since this is for the purchase of equipment as opposed to contracting for a public improvement.**

Funding will come from the approved FY 2012/13 operating budget for 69kV Substation Maintenance equipment which contains a current balance of \$199,600.

ALTERNATIVES:

1. Award a contract to Mitsubishi Electric, Warrendale, PA, for the 69kV breaker replacement in the amount of \$52,873.01 (inclusive of Iowa sales tax) and accept the two exceptions to our purchasing requirements (which will accept mandatory arbitration and Pennsylvania vs. Iowa law).
2. Reject the bid and delay the purchase of the breaker.

MANAGER'S RECOMMENDED ACTION:

Purchase of this breaker will allow the utility to update critical equipment and maintain reliability of the electric system and our customers. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as stated above.