

COUNCIL ACTION FORM

SUBJECT: AWARD OF CONTRACT FOR CIRCUIT BREAKERS

BACKGROUND:

On June 11, 2013, City Council approved preliminary plans and specifications for the replacement of Circuit Breakers at the Ames Plant substation.

Bid documents were issued to five firms. The bid was advertised on the Current Bid Opportunities section of the Purchasing webpage and a Legal Notice was published in the Ames Tribune. It was also sent to one planroom.

On June 26, 2013, one bid was received as shown below:

Mitsubishi Electric Power Products, Inc., Warrendale, PA	\$169,131.75
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Electric Services staff along with an engineer from Dewild Grant Reckert & Associates (DGR) Company reviewed this lone bid. After completing the evaluation, they concluded that the bid in the amount of \$169,131.75 (inclusive of Iowa sales tax), submitted by Mitsubishi Electric, Warrendale, PA, is acceptable.

Mitsubishi Electric submitted a "Conditions of Sale" document with their bid. Staff reviewed the document and determined that they are the exact same terms & conditions that Mitsubishi submitted the last two times we awarded similar projects to them which were at the July 27, 2010 and February 12, 2013 City Council meetings.

As outlined in the July 27, 2010 and February 12, 2013 Council Action Forms, there were two disputed items by Mitsubishi Electric that were presented to City Council for consideration. The previous two times, the Council approved the two items and awarded the contract to Mitsubishi.

Mitsubishi has agreed that the same mutually agreed terms and conditions from 2010 will also apply to this procurement. Therefore, these 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.

This project involves the purchase of three circuit breakers and related accessories. The Engineer's estimate of the cost of these circuit breakers is \$160,000. The approved FY2013/14 CIP for Electric Services includes \$1,700,000 for engineering, materials, and replacement of the Ames Plant Switchyard Relays and Controls which includes these breakers. To date the budget for this CIP project has the following items encumbered:

1.	\$122,700.00	Encumbered Engineering (Approved by City Council on April 24, 2012.)
2.	\$169,131.75	Actual cost for SF6 circuit breakers – (Pending Council approval of award for this agenda item)
3.	\$132,176.68*	Actual cost for electrical materials (see Electrical Substation Materials Council Action Form on this same Council meeting agenda) * This amount includes \$137.72 in applicable sales taxes to be paid directly by the City of Ames to the State of Iowa.
4.	\$1,275,991.67	Installation of materials (AVAILABLE FOR THE FUTURE CONTRACT)

ALTERNATIVES:

1. Award a contract to Mitsubishi Electric Power Products, Inc., Warrendale, PA, for the SF6 Circuit Breakers in the amount of \$169,131.75 (inclusive of Iowa sales tax).
2. Reject all bids and delay the purchase of the circuit breakers for this project.

MANAGER'S RECOMMENDED ACTION:

This equipment is necessary to complete the project at the Ames Plant substation which is necessary for Electric Services to continue providing safe, reliable, service to the customers in the City. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.