

COUNCIL ACTION FORM

SUBJECT: TESTING EQUIPMENT FOR ELECTRIC SUBSTATIONS

BACKGROUND:

The testing equipment that needs to be procured will be used to guarantee that a transformer that was taken out of service for any reason is healthy enough to be placed back in service. This is especially necessary if there has been a fault on any of the feeds that caused high amperage to be supplied by the transformer prior to it being shut down by the protective relays. It also checks for moisture in the internal insulation of the transformer and gasses that could cause mechanical damage to the transformer or danger to maintenance crews. It can also be used to test for failure/expected life on cables insulators and arresters.

Staff tested units from two companies, Megger and OMICRON Electronics Corporation USA (OMICRON) which are the two major manufacturers of this testing equipment and concluded that the OMICRON unit can best meet the City's needs. The OMICRON unit (\$75,284) contains extensive software that drives the unit and walks the operator through the entire process including deciphering the results. The operator only needs to connect the necessary wires and press a few buttons. This feature significantly decreases testing time, ensures more accurate analysis, and the operator does not need to make any assumptions about the test results. The Megger unit (\$47,500) tested did not offer a comparable software option, failed to fully integrate with City computers, and had limited functionality compared to the OMICRON unit.

Council should note that this testing equipment is sold to the end user directly from the manufacturer (OEM). One major benefit of this is the City is receiving factory direct pricing without a distributor mark-up. **Since the manufacturer distributes this testing equipment directly, it was not possible to get multiple bids from various suppliers, as we do on other types of electrical equipment.**

Staff is requesting that the City Council waive the City's purchasing policies requiring competitive bids, and award this contract to OMICRON Electronics Corporation USA, Houston, Texas, in the amount of \$75,284 (inclusive of Iowa sales tax).

Funding for the purchase of this equipment will be charged to the approved FY2015/16 Electric Meter operating budget which contains \$76,000 for Movable Equipment.

ALTERNATIVES:

1. Waive the purchasing policy requirement for competitive bidding for the testing equipment and award a contract to OMICRON Electronics Corporation USA of Houston, Texas, in the amount of \$75,284 (inclusive of Iowa sales tax).
2. Waive the purchasing policy requirement for competitive bidding for the testing equipment and award a contract to Megger in the amount of \$47,500 (inclusive of Iowa sales tax).
3. Do not purchase this equipment at this time and continue contracting for this testing service.

MANAGER'S RECOMMENDED ACTION:

Purchase of this testing equipment with the extensive software can significantly decrease testing time and ensure more accurate analysis which results in increased efficiency.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.