

**COUNCIL ACTION FORM**

**SUBJECT: AWARD OF CONTRACT FOR FURNISHING 69KV SF6 CIRCUIT BREAKERS**

**BACKGROUND:**

Electric Services needs to procure 69kV SF6 circuit breakers for replacement of existing three-tank oil filled circuit breakers at the Ames Plant Switchyard. These circuit breakers are utilized to disconnect portions of the electric transmission system when there is a fault on that portion of the system. This helps prevent damage to property and equipment, reduces the length of an outage, and minimizes the risk to staff or the public who may be near an electric fault. Council should note that staff will install these circuit breakers.

On November 4, 2015, an invitation to bid document was issued to 13 companies. The invitation was advertised on the Current Bid Opportunities section of the Purchasing webpage, and was also sent to one plan room.

On November 24, 2015, three bids were received as shown on the attached report. The bid submitted from Shermco Industries was non-responsive because it did not sign its bid.

City staff performed a careful and extensive evaluation of the remaining two bids. In evaluating the apparent low bidder, ABB, Inc., several things stood out.

- ABB, Inc., is bidding a new breaker design which they began taking orders for in July of this year. A total of 30 of these have been ordered to-date from ABB, Inc., and only two have shipped, so there is no substantive field performance history with this particular breaker, and staff does not consider ABB, Inc., to be an acceptable manufacturer for this new design. ABB, Inc., no longer manufactures the breaker design staff evaluated for acceptance previously and, instead, proposed a breaker that has not been evaluated.
- ABB, Inc.'s bid is for manufacturing at its new facility in San Luis Potosi, Mexico (not Mount Pleasant, Pennsylvania, where all the previous ABB, Inc., breakers the City has purchased were manufactured). Staff's prior evaluation of breakers from ABB, Inc., was based on manufacturing done at Mount Pleasant, Pennsylvania, and staff has not accepted breakers from ABB, Inc., manufactured at SLP, Mexico. Staff's experience with USA suppliers that begin manufacturing operations in Mexico is that there are frequently quality and transportation issues that often produce an inferior product and/or shipping damage. This is an

unacceptable risk, especially for a critical piece of equipment like a transmission breaker.

**Staff recommends that ABB, Inc.'s bid be rejected as unacceptable for the reasons provided above. It appears that Mitsubishi Electric Power Products, Inc., has submitted the next lowest bid and is fully responsive. Electric Services has had good past experience with the breakers it is bidding.**

**City staff has concluded that awarding this contract to Mitsubishi Electric Power Products, Inc., Warrendale, PA in the amount of \$218,318.60 (inclusive of Iowa sales tax) is in the best interest of the City.**

The Engineer's estimate of the cost for four circuit breakers is 230,000. Funding is available from the FY 2015/16 maintenance account for Minor Substation Improvements.

**ALTERNATIVES:**

1. Award a contract to Mitsubishi Electric Power Products, Inc., Warrendale, Pennsylvania, to furnish four 69kV SF6 Circuit Breakers in the amount of \$218,318.60 (inclusive of Iowa sales tax).
2. Award a contract to the apparent low bidder.
3. Reject all bids and delay the purchase of the circuit breakers.

**MANAGER'S RECOMMENDED ACTION:**

The purchase of this equipment is necessary to replace antiquated three-tank oil circuit breakers. Replacement parts for these circuit breakers are becoming more difficult to procure and repair work more costly to perform. The replacement of these breakers will reduce the risk of oil leakage should the circuit breaker fail. They will also improve the reliability and speed of response of the protection schemes on this portion of the electric transmission system.

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



**INVITATION TO BID NO. 2016-084 69KV SF6 CIRCUIT BREAKERS**

<b>BIDDER:</b>	<b>ABB Inc. Mount Pleasant, PA</b>			<b>Mitsubishi Electric Warrendale, PA</b>			<b>Shermco Industries Des Moines, IA</b>		
<b>DESCRIPTION</b>	<b>QTY</b>	<b>UNIT PRICE</b>	<b>TOTAL</b>	<b>QTY</b>	<b>UNIT PRICE</b>	<b>TOTAL</b>	<b>QTY</b>	<b>UNIT PRICE</b>	<b>TOTAL</b>
69kV SF6 Circuit Breakers	4	\$40,643.00	\$162,572.00	4	\$50,495.00	\$201,980.00	Non-responsive. Did not sign bid.		
Subtotal:			\$162,572.00			\$201,980.00			
Sales or Use Tax (7%):			\$11,380.04			\$14,138.60			
Non-Taxable Freight			\$4,868.00			\$2,200.00			
<b>Total Base Bid:</b>			<b>\$178,820.04</b>			<b>\$218,318.60</b>			