

COUNCIL ACTION FORM

SUBJECT: CONTRACT RENEWAL – ELECTRIC SERVICES TRANSFORMERS

BACKGROUND:

This contract is for the purchase of transformers necessary to meet the anticipated needs of the Electric Services Department. These transformers are kept on hand in order to ensure availability which will enable staff to replace failed transformers quickly.

Typically, these transformers are used to provide service for commercial and residential applications. It is also necessary to meet the anticipated needs of the Electric Services Department for new service and maintenance activities. Transformers would be purchased by the City as requested on a quarterly basis. This provides the City with inventory management flexibility and also helps to reduce the need for extensive storage space.

On February 23, 2016, City Council awarded a contract to RESCO, Ankeny, IA, for the purchase of these transformers in accordance with unit prices bid. This contract included the option for the City to renew in one-year increments for up to four additional years. Staff recommends renewing the agreement for the period of April 1, 2017 through March 31, 2018. Council should note that this contract renewal with RESCO includes unit price increases on all the transformers on the contract as demonstrated on the attached price summary. The average price increase based on previous usage is 2.52% or \$7,639. **This is the first renewal out of four maximum.** Electric Services staff reviewed the increases and found them to be acceptable based on steel market conditions.

The transformers are purchased from an Electric Department inventory asset account and charged to the appropriate operations accounts as the transformers are put into use. **Council should note that no contract amount is being authorized at this time, since payments will be based on unit prices and quantities ordered.**

ALTERNATIVES:

1. Approve the contract renewal with RESCO, Ankeny, Iowa, for the purchase of Electric Services transformers in accordance with unit prices.

Transformers will be purchased quarterly. Payments will be based on unit prices and actual quantities ordered, plus applicable sales taxes.

2. Reject renewal extension and attempt to purchase electric transformers periodically at unpredictable prices.

CITY MANAGER'S RECOMMENDED ACTION:

It is important to purchase transformers at the lowest possible cost with minimal risk to the City. It is also imperative to have these transformers available to meet customer needs.

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

City of Ames, Iowa Year 1 Transformer Blanket for 4/1/2016 through 3/31/2017
 Renewal options for the next 4 years 5% maximum increase each year

Type KVA	Est Qty	Sell Price 4/31/16 thru 3/31/17	Sell Price Renewal 4/1/17 to 3/31/18	Sell Price Renewal 4/1/18 to 3/31/19	NL	LL
Group I Padmount Transformers						
Division 1 Single Phase Padmount 120/240 Volts						
25	5	\$1,259.94	\$1,293.88		66	207
37.5	10	\$1,477.06	\$1,516.33		80	315
50	10	\$1,513.76	\$1,554.09		102	442
75	2	\$1,901.02	\$1,948.98		143	582
100	2	\$2,463.27	\$2,525.52		180	643
Division 2 Three Phase Padmount Transformer 120/208 Volts						
112.5	0	\$5,535.17	\$5,680.62		231	1009
150	3	\$5,674.82	\$5,824.49		318	1339
225	0	\$6,682.98	\$6,859.19		379	1864
300	3	\$8,179.41	\$8,394.90		474	2116
500	3	\$10,041.79	\$10,306.13		634	3891
750	1	\$14,586.14	\$14,969.39		843	5211
1000	1	\$15,535.71	\$15,927.56		1056	7918
Division 3 Three Phase Padmount Transformer 480Y/277 Volts, Loop Feed Switches						
300	2	\$7,469.93	\$7,666.33		487	2387
500	2	\$10,141.69	\$10,408.17		645	4311
750	2	\$12,027.52	\$12,343.88		915	4993
1000	1	\$15,322.12	\$15,724.49		1104	5915
1500	1	\$19,182.33	\$19,635.90		1630	8225
Division 4 Three Phase Padmount Transformer 277/480 Volts, Standard 55°C Rise						
2500	1	\$28,611.20	\$29,287.18		2485	12310
Group II Overhead Transformers						
Division 1 Single Phase Polemount 120/240 Volts						
5	0	\$517.42	\$531.29		21	58
10	0	\$592.21	\$608.21		30	106
15	2	\$635.25	\$652.31		39	160
25	6	\$818.65	\$841.03		62	209
37.5	1	\$967.21	\$992.83		78	330
50	5	\$1,024.59	\$1,052.31		110	442
75	2	\$1,557.38	\$1,598.98		153	576
100	1	\$2,222.34	\$2,281.03		168	651
Division 2 Single Phase Polemount Transformer 277/480 Volts						
15	1	\$628.07	\$645.13		42	153
25	1	\$812.50	\$833.85		60	220
37.5	1	\$1,017.42	\$1,045.13		84	284
50	1	\$1,020.49	\$1,048.21		104	420
75	1	\$1,620.90	\$1,663.59		134	559
100	1	\$2,091.19	\$2,146.66		170	639