

COUNCIL ACTION FORM

SUBJECT: AWARD OF CONTRACT TO FURNISH ELECTRIC DISTRIBUTION TRANSFORMERS

BACKGROUND:

This bid is for the purchase of padmounted electric distribution transformers necessary to meet the anticipated needs of the Electric Services Department for new construction and maintenance. Typically, these transformers are used to provide service for commercial applications, from small to large businesses and industrial customers. In order to insure the ability to service new customers and to quickly replace damaged or non-working units, the Electric Services Department keeps an inventory of these devices on hand. Transformers are purchased from an Electric Department inventory asset account and charged to the appropriate operations accounts as the units are put into use.

On January 16, 2008, bids were received as shown on the attached report. Bids were requested for two sizes of padmounted transformers. Bid prices are exclusive of sales taxes, which are applicable to the purchase of this equipment. Transformers are evaluated to include the cost of anticipated energy loss during the life of each unit. The evaluation amount is based on the evaluated unit prices and quantities of each unit requested for inventory. The award amount is based on the unit prices and quantities.

The lowest evaluated unit prices for the single and three-phase padmounted distribution transformers were manufactured by ABB and were submitted by Wesco Distribution, Des Moines, Iowa. The offer submitted by Wesco Distribution contained numerous alternate terms & conditions which are not in the best interests of the City, and therefore the Electric Engineer for Transmission and Distribution has rejected the proposal and is recommending the second lowest evaluated bid.

Among the terms & conditions submitted by Wesco that were unacceptable:

- 1) Prices may change prior to shipping
- 2) All Wesco pricing is to remain confidential
- 3) Shipping is to be FOB shipping point with the City to bear all transportation risk and paying for transportation insurance
- 4) The City may not cancel the order without permission from Wesco and after paying a cancellation fee
- 5) Legal venue for this contract is Pennsylvania.

The second lowest evaluated bid is for transformers manufactured by Howard and was submitted by Burmeister Electric, Fort Dodge, Iowa.

ALTERNATIVES:

1. Award a contract to Burmeister Electric, Fort Dodge, Iowa, for the purchase of electric distribution transformers manufactured by Howard, as shown.

3 each, 500 kVA 120/208 volt padmount transformers at \$13,902.00 per unit
3 each, 500 kVA 277/480 volt padmount transformers at \$13,600.00 per unit

Subtotal: \$82,506.00

Payments will also include applicable sales taxes.

2. Reject all bids and attempt to purchase electric distribution transformers on an as needed basis.

MANAGER'S RECOMMENDED ACTION:

It is important to purchase transformers at the lowest possible cost and in a timely matter. Availability of distribution transformers can be critical in avoiding prolonged delays in restoring service during an outage, or in establishing service for a new customer.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, awarding the contract to Burmeister Electric, Fort Dodge, Iowa, for the purchase of electric distribution transformers manufactured by Howard, for a total purchase amount of \$82,506.00 plus applicable sales taxes, in accordance with unit prices and energy losses bid.

BIDDER	kVA	UNIT PRICE	NO LOAD LOSS	LOAD LOSS	EVALUATED UNIT PRICE	QUANTITY	ESTIMATED TOTAL PURCHASE COST
Burmeister Electric							
Fort Dodge, IA	500 120/208v	\$ 13,902.00	805	3714	\$ 22,897.48	3	\$ 41,706.00
MFG.	500 277/480vv	\$ 13,600.00	876	3120	\$ 21,722.67	3	\$ 40,800.00
<i>Howard</i>							
Lead Time							
10-12 weeks							
TOTAL					\$ 44,620.15	6	\$ 82,506.00
Wesco Distribution							
Des Moines, IA	BID REJECTED AS NON-RESPONSIVE FOR ALTERNATE TERMS & CONDITIONS						
MFG.	*WESCO LISTED PRICING AS CONFIDENTIAL AND PROPRIETARY						
Lead Time							
TOTAL					\$ 43,974.43		
Fletcher Reinhardt							
Cedar Rapids, IA	500 120/208v	\$ 16,316.00	909	3583	\$ 25,369.26	3	\$ 48,948.00
MFG.	500 277/480vv	\$ 16,604.00	881	3108	\$ 24,719.14	3	\$ 49,812.00
<i>Cooper Power Systems</i>							
Lead Time							
8-10 weeks							
<i>Price not firm</i>	TOTAL				\$ 50,088.40	6	\$ 98,760.00
RESCO							
Ankeny, IA	500 120/208v	\$ 14,479.17	898	3982	\$ 24,222.66	3	\$ 43,437.51
MFG.	500 277/480vv	\$ 13,693.75	784	4032	\$ 23,204.68	3	\$ 41,081.25
<i>ERMCO</i>							
Lead Time							
10-12 weeks							
TOTAL					\$ 47,427.34	6	\$ 84,518.76
Solomon Corporation							
Solomon, KS							
NO BID							