

COUNCIL ACTION FORM

SUBJECT: PURCHASE OF ELECTRIC DISTRIBUTION TRANSFORMERS

BACKGROUND:

This bid is to award a contract for the purchase of electric distribution transformers necessary to meet the anticipated needs of the Electric Services Department for new construction and maintenance. Transformers are purchased from an Electric Department inventory asset account and charged to the appropriate operations accounts as the units are put into use. Generally, over a million dollars in assets are available in the Electric inventory at any given time for use in new service and maintenance activities.

Under the proposed contract, transformers would be purchased as requested on a quarterly basis. This provides the City with flexible inventory management and helps to reduce the need for storage space. The proposed contract period would end March 31, 2010. This contract is renewable for two additional years, subject to approval by the City Council. Bid prices are exclusive of sales taxes, which are applicable to the purchase of this equipment and are paid directly by the Utility. **No contract amount is being authorized at this time, since payments will be made as transformers are purchased.**

On March 25, 2009, bids were received as shown on the attached report. 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 estimated quantities purchased in the past three years. The award amount is based on the estimated total evaluated cost. The Electric Engineering Manager has reviewed the bids and determined that the low bid meets the needs of the Electric Services Department.

ALTERNATIVES:

1. Award a contract to RESCO, Ankeny, Iowa, for the purchase of electric distribution transformers in accordance with unit prices and energy losses bid for single-phase and three-phase padmounted and overhead transformers manufactured by ERMCO.

Units are to be purchased as requested; and payments will be based on unit prices bid and actual quantities ordered plus 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 the recommendation of the City Manager that the City Council adopt Alternative No. 1 above, awarding a contract for the purchase of electric distribution transformers to RESCO, Ankeny, Iowa. Award of this contract will allow for a sure supply of transformers needed for new service and emergency replacements at a known cost. Transformers will be purchased as needed under this contract at the price quoted in this bid process.

March 25, 2009

INVITATION TO BID
NO. 2009-152

<i>Group 1 - Padmounts</i>	<i>Manufacturer</i>	<i>Total Estimated Purchase Price</i>	<i>Total Estimated Evaluated Price</i>
Resco Ankeny, Iowa	ERMCO	\$445,518.34	\$817,320.34
Burmeister Electric Fort Dodge, Iowa	Howard	\$455,729.00	\$842,963.00
Resco Ankeny, Iowa	Cooper	\$462,825.49	\$855,709.99
Fletcher Reinhardt Bridgeton, Missouri	Cooper	\$459,290.00	\$857,514.50
Wesco Des Moines, Iowa	ABB	\$446,033.00	\$857,812.50
<i>Group 2 – Overheads</i>	<i>Manufacturer</i>	<i>Total Estimated Purchase Price</i>	<i>Total Estimated Evaluated Price</i>
Resco Ankeny, Iowa	ERMCO	\$77,155.40	\$142,603.40
Wesco Des Moines, Iowa	ABB	\$73,236.00	\$147,751.00
Fletcher Reinhardt Bridgeton, Missouri	Cooper	\$76,708.00	\$148,552.50
Resco Ankeny, Iowa	Cooper	\$77,299.41	\$149,143.91
Central Maloney Pine Bluff, Arkansas	Central Maloney	\$80,410.00	\$152,371.00
Burmeister Electric Fort Dodge, Iowa	Howard	\$86,706.00	\$159,615.00