

COUNCIL ACTION FORM

SUBJECT: PURCHASE OF ELECTRIC DISTRIBUTION TRANSFORMERS

BACKGROUND:

On April 14, 2009, City Council awarded a contract to RESCO, Ankeny, Iowa, for the purchase of electric distribution transformers for the period April 14, 2009 to March 31, 2010. The contract included four optional renewal periods. Transformers are ordered quarterly under this contract to meet the needs of the Electric utility for new construction and maintenance. Transformers are purchased from an electric inventory asset account and then 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 for use in new service and maintenance activities.

Under the proposed contract renewal, transformers would again 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 renewal period would end March 31, 2011. Two additional optional one year renewal periods remain on this contract. 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. For the first renewal period, RESCO has indicated a flat 2.47% increase to the FY 09/10 bid prices. Staff has determined that the renewal of contract would continue to meet the needs of the Electric Services utility and that the increase in price is acceptable.

ALTERNATIVES:

1. Approval renewal of the contract with RESCO, Ankeny, Iowa, for the purchase of electric distribution transformers for the period April 1, 2010 to March 31, 2011, in accordance with unit prices and energy losses bid for single-phase and three-phase pad-mounted and overhead transformers manufactured by ERMCO. Two additional optional renewal periods remain on this contract.

Units are to be purchased as requested; and payments will be based on the actual quantities ordered at the stated FY 2010/11 price, plus applicable sales taxes.

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

MANAGER'S RECOMMENDED ACTION:

Renewal of the contract with RESCO will provide for purchase of electric distribution transformers needed for maintenance and new construction during the coming year at an established price and with availability as required. This contract will provide 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 the 2009/10 bid process, plus 2.47%.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 above, approving renewal of the contract for the purchase of electric distribution transformers with RESCO, Ankeny, Iowa, for the period April 1, 2010 to March 31, 2011.

INVITATION TO BID NO. 2009-152

Padmount				
Sec. Voltage	Size	FY 09/10	FY 10/11	Delivery
120/240	25 kva	\$1,336.76	\$1,369.78	8-10 wks
	37.5 kva	\$1,570.17	\$1,608.95	
	50 kva	\$1,737.78	\$1,780.70	
	75 kva	\$2,438.04	\$2,498.26	
	100 kva	\$2,749.61	\$2,817.53	
120/208	112.5 kva	\$5,964.01	\$6,111.32	6 wks
	150 kva	\$6,777.37	\$6,944.77	
	225 kva	\$8,609.76	\$8,822.42	
	300 kva	\$9,148.58	\$9,374.55	
	500 kva	\$13,210.28	\$13,536.57	
	750 kva	\$14,910.02	\$15,278.30	
120/208 alt loop feed	112.5 kva	\$6,844.21	\$7,013.26	6 wks
	150 kva	\$7,422.10	\$7,605.43	
	225 kva	\$9,162.98	\$9,389.31	
	300 kva	\$9,698.71	\$9,938.27	
	500 kva	\$13,110.53	\$13,434.36	
	750 kva	\$15,387.14	\$15,767.20	
277/480	300 kva	\$8,683.80	\$8,898.29	6 wks
	500 kva	\$12,460.66	\$12,768.44	
	750 kva	\$14,619.02	\$14,980.11	
	1000 kva	\$18,046.27	\$18,492.01	
	1500 kva	\$21,926.99	\$22,468.59	
277/480	2500 kva	\$34,870.95	\$35,732.26	6-8 wks
277/480 alt 55C rise	2500 kva	\$35,077.63	\$35,944.05	6-8 wks
Overhead				
Sec. Voltage	Size	FY 09/10	FY 10/11	Delivery
120/240	5 kva	\$534.70	\$547.91	8-10 wks
	10 kva	\$650.89	\$666.97	
	15 kva	\$730.07	\$748.10	
	25 kva	\$936.76	\$959.90	
	37.5 kva	\$1,173.26	\$1,202.24	
	50 kva	\$1,278.14	\$1,309.71	
	75 kva	\$2,435.98	\$2,496.15	
	100 kva	\$2,352.69	\$2,410.80	
277/480	15 kva	\$688.94	\$705.96	8-10 wks
	25 kva	\$882.26	\$904.05	
	37.5 kva	\$1,177.37	\$1,206.45	
	50 kva	\$1,410.79	\$1,445.64	
	75 kva	\$2,052.44	\$2,103.14	
	100 kva	\$2,193.31	\$2,247.48	