

**COUNCIL ACTION FORM**

**SUBJECT: VETERINARY MEDICINE SUBSTATION CIRCUIT BREAKERS**

**BACKGROUND:**

On June 8, 2010, City Council approved preliminary plans and specifications for the Veterinary Medicine (Vet Med) Substation Circuit Breakers. The complete project is the expansion of the Veterinary Medicine Electrical Substation which is needed to accommodate Iowa State University's Veterinary Medicine Campus load additions, football stadium load additions, and Ames' load additions south of Highway 30 and along 16<sup>th</sup> Street in the vicinity of the Vet Med Substation. The project has been advanced to accommodate ISU's advanced schedule for the Vet Med Campus load additions. It has also been increased in scope and cost to include an additional transformer to better accommodate Ames' and ISU's future needs for capacity and reliable service in this area.

Bid documents for the circuit breakers were issued to five firms. The bid was advertised on the Current Bid Opportunities section of the Purchasing webpage and a Legal Notice was published in the Ames Tribune.

On June 30, 2010, two (2) bids were received as shown on the attached report. Electric Services staff along with an engineer from Dewild Grant Reckert & Associates (DGR) Company reviewed the bids. After their evaluation, they concluded that the lowest **qualified bid** in the amount of \$192,715.64, submitted by Mitsubishi Electric, Warrendale, PA, is acceptable.

Mitsubishi Electric submitted a "Conditions of Sale" document with its bid. Staff consulted with the City Attorney and communicated unacceptable exceptions to Mitsubishi Electric. In Mitsubishi Electric's response, it agreed to change all but two of the disputed terms & conditions. The City Attorney was again consulted on Mitsubishi's response and he agreed to the changes Mitsubishi proposed.

The two disputed items by Mitsubishi Electric are presented to City Council for consideration. The first deals with changing the law applicable to interpretation of the contract from Iowa to Pennsylvania. The second one deals with conflict resolution. The "Conditions of Sale" document states that "Disputes are subject to mandatory arbitration". The City Attorney reviewed each of these items and found that, although it is preferable to have Iowa law apply and to avoid mandatory arbitration clauses, Mitsubishi Electric's alternative terms pose minimal risk to the City, since this is for the purchase of equipment as opposed to contracting for a public improvement.

**The Engineer's estimate of the cost of these four circuit breakers is \$190,000.** While the recommended award is 1% above the engineer's estimate, the combined recommended awards for these breakers and the transformers for this project are well

within the engineer's estimate. The referenced transformer award was presented to Council in a separate award recommendation at the recent July 13th Council meeting.

The approved FY2010/11 budget and Capital Improvements Plan for Electric Services includes \$3,600,000 for materials and construction of the substation improvements. The 2009/10 budget contained \$400,000 for engineering on this project. This results in a total project budget of \$4,000,000, with Iowa State University contributing an estimated \$1,489,727 of the cost of the project. Please note that in the prior Council agendas related to the Vet Med Expansion project, the total project budget was misreported as \$3,600,000, which excluded the engineering budget. The total project budget with engineering is now being correctly reported as \$4,000,000. To date, the project budget has the following items encumbered:

1.	\$390,880.00	A cost-not-to-exceed for engineering services (DGR)
2.	\$192,715.64	Actual cost for four circuit breakers- this item (pending Council award for this item)
3.	\$1,059,362.38	Actual cost for two transformers. (This total includes the 7% sales tax to be paid directly to the State of Iowa by the City of Ames)
4.	\$197,000.00	Estimated cost for Electrical Materials (currently out for bid)
5.	\$750,000.00	Estimated cost for two 15kV Metalclad Switchgear assemblies (currently out for bid)
6.	\$1,410,041.98	Construction, contingency and minor materials (on this agenda)
Total		\$4,000,000

#### **ALTERNATIVES:**

1. Award a contract to Mitsubishi Electric Power Products, Inc., Warrendale, PA, for the Vet Med Substation Circuit Breakers in the amount of \$192,715.64.
2. Reject all bids and delay the purchase of the circuit breakers for the Vet Med Substation.

#### **MANAGER'S RECOMMENDED ACTION:**

This project is necessary to accommodate both City and Iowa State University load requirements in the Vet Med Substation area. The schedule for this project is crucial as a result of new electric load being installed in 2011. Iowa State University has ordered new chiller equipment for its Veterinary Medicine Campus expansion which requires that the planned Vet Med Substation additions be in service no later than May 11, 2011.

Existing transformer and feeder capacity at this substation is inadequate to support these new ISU load additions and Electric Services will be unable to meet the required in-service schedule if this circuit breaker bid is delayed.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby awarding a contract to Mitsubishi Electric Power Products, Inc., Warrendale, PA, for Circuit Breakers for the Vet Med Substation in the amount of \$192,715.64.



**INVITATION TO BID NO. 2010-218  
VET MED SUBSTATION CIRCUIT  
BREAKERS**

BIDDER	TOTAL	ALTERNATE
Mitsubishi Electric Power Products Inc., Warrendale, PA	\$ 192,715.64	\$ 97,457.82
Wesco Distribution, Des Moines, IA	Non-responsive	