

**COUNCIL ACTION FORM**

**SUBJECT: TOP O' HOLLOW TRANSFORMER LOAD TAP CHANGER  
 INSTALLATION**

**BACKGROUND:**

This project is for the installation of a City supplied transformer load tap changer (LTC) at the Top O' Hollow substation. Transformer LTC's are needed to regulate distribution feeder voltage at the substation. LTC's have many moving mechanical parts that require regular, routine maintenance. Over time these mechanisms require more extensive work and the entire mechanism must be replaced or refurbished. This project involves the replacement of the Top O' Hollow substation LTC with a fully refurbished unit. It is important to replace this LTC to avoid a catastrophic failure, since LTC failures have been known to result in extensive damage to the transformer.

This work requires that the substation transformer be removed from service, which in turn will require switching the feeder loads served by the transformer to other substations. While Electric Services typically has adequate staffing capacity to allow for planned outages of this kind, it is desirable to minimize exposure of the electric system to a second outage possibility through the use of a contracted service provider that is well prepared to complete this work. This will assure competent completion of the installation and minimize the period of time that the transformer is out of service.

On April 25, 2012, the bid document was issued to twenty potential bidders. The project was also advertised on the Current Bid Opportunities section of the Purchasing webpage and was sent to three plan rooms. On May 24, 2012, eight bids were received:

<b>Bidder:</b>	<b>Bid Price</b>	<b>Sales and/or Use taxes (7%) included</b>	<b>Evaluated Total*</b>
Jordan Transformer LLC Jordan, MN	\$9,327.00	Not Licensed	<b>\$9,327.00</b>
Utilities Plus Energy Services, Inc Elk River, MN	\$12,884.00	\$778.07	<b>\$12,884.00</b>
Delta Star, Inc. Lynchburg, VA	\$21,500.00	Not Licensed	<b>\$21,500.00</b>
SPX Transformer Solutions, Inc. Waukesha, WI	\$25,305.50	\$1,655.50	<b>\$25,305.50</b>
Eaton Corporation Urbandale, IA	\$28,198.00	plus taxes	<b>\$28,198.00</b>
National Electrical Systems, Inc Boonville, NY	\$35,343.00	Not Licensed	<b>\$35,343.00</b>
Southwest Electric Company Nashville, TN	\$39,140.00	Not Licensed	<b>\$39,140.00</b>
North American Substation Services LLC Altamonte Springs, FL	\$44,700.00	Not Licensed	<b>\$44,700.00</b>
* Evaluated Total is less Iowa Sales Tax since majority of Bidders are not licensed to collect..			

Staff concluded that the apparent low bid submitted by Jordan Transformer LLC, Jordan, MN, in the amount of \$9,327.00 is acceptable. Since Jordan Transformer is not licensed to collect sales taxes for the State of Iowa, the City will pay applicable Iowa Sales Taxes directly to the State of Iowa.

Funding is available from the approved FY 2012/13 Electric Services budget, which contains \$120,000 for Minor Distribution Substation Improvements.

**ALTERNATIVES:**

1. Award a contract to Jordan Transformer LLC, Jordan, MN, for the Top O' Hollow Transformer LTC Installation in the amount of \$9,327.00, with applicable sales taxes to be paid directly by the City to the State of Iowa.
2. Reject all bids and delay the Top O' Hollow transformer LTC installation.

**MANAGER'S RECOMMENDED ACTION:**

This project will address the need to replace the Top O' Hollow Substation LTC, which is necessary in order to regulate distribution feeder voltage. It is crucial to have this work done to avoid a much more expensive transformer failure in the event of an LTC failure.

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