

COUNCIL ACTION FORM

SUBJECT: **ELECTRIC DISTRIBUTION TRANSFORMER PURCHASE**

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 contracts, transformers will 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 will end March 31, 2014. This contract is renewable for three 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 21, 2013, bids were received as shown on the attached report. The transformers were 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, and the award amount is based on the estimated total evaluated cost. Staff has reviewed the bids and determined that the low bids for padmount and overhead transformers meet Electric Services' needs.

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 padmounted transformers manufactured by ERMCO and award a contract to Wesco Distribution, Des Moines, Iowa, for the purchase of electric distribution transformers in accordance with unit prices and energy losses bid for overhead transformers manufactured by ABB.
2. Reject all bids and attempt to purchase electric distribution transformers on an as needed basis.

MANAGER'S RECOMMENDED ACTION:

Awarding these contracts will insure that Electric Services has ready access to pad-mounted and overhead transformers on a cost effective basis.

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

March 21, 2013

INVITATION TO BID NO. 2013-147

Group 1 - Padmounts	Manufacturer	Total Estimated Purchase Price	Total Estimated Evaluated Price
RESCO Ankeny, Iowa	ERMCO	\$318,771.92	\$637,753.92
Wesco Des Moines, Iowa	ABB	\$320,167.00	\$639,631.00
RESCO Ankeny, Iowa	Cooper	\$327,709.84	\$661,247.86
Howard Industries Laurel, Mississippi	Howard	\$326,251.56	\$674,654.26
Fletcher Reinhardt Bridgeton, Missouri	Cooper	\$332,368.79	\$679,414.47
Group 2 - Overheads	Manufacturer	Total Estimated Purchase Price	Total Estimated Evaluated Price
Wesco Des Moines, Iowa	ABB	\$27,075.00	\$58,507.00
RESCO Ankeny, Iowa	Cooper	\$27,004.50	\$59,004.54
RESCO Ankeny, Iowa	ERMCO	\$29,942.46	\$59,396.46
Fletcher Reinhardt Bridgeton, Missouri	Cooper	\$27,387.99	\$60,009.39
Howard Industries Laurel, Mississippi	Howard	\$29,364.01	\$62,962.01