

COUNCIL ACTION FORM

SUBJECT: **TRANSFORMER REPAIRS FOR ELECTRIC SERVICES**

BACKGROUND:

Electric Services staff has made several unsuccessful attempts to repair leaks on two transformers using industry accepted methods. We are now at a point where the transformer's gaskets and seals need to be changed out in order for the leaks to stop. These repairs are considered specialized, so the transformers must be repaired by a company who has the expertise to perform them.

Staff contacted Jordan Transformer who is the industry leader in providing these specialized repairs on large transformers. Council should note that Jordan Transformer is the company that is usually sub-contracted by other transformer vendors to perform this same work. An additional benefit of using Jordan Transformer is because one of the transformers has a PCB level of 12ppm which requires special handling and disposal.

Electric Services has a narrow window within which these transformers can be repaired. One of the transformers must be repaired during the Power Plant's spring outage on Unit No. 8, which is scheduled from March 31st to April 15th. The second one should be repaired before the high summer energy demands occur at the substations, and before work begins on the Top-O-Hollow Substation in the fall. By contracting with one company to perform both repairs, one after the other, this will reduce the costs of pre-repair staging and the post-repair cleanup of the tanker truck after the oil of the PCB affected transformer is removed.

Staff recommends Jordan Transformer as the preferred vendor to perform this work for three reasons – 1) they are an industry leader in performing this specialized repair, 2) they have the expertise to handle/dispose of the PCB-contaminated oil, and 3) they can perform the work within the time the City has available. **Therefore, staff is requesting that the City Council waive the City's purchasing policies requiring competitive bids, and award these transformer repairs to Jordan Transformer, LLC, Jordan, MN, in the amount of \$66,209.46 (inclusive of Iowa sales tax).** Based on the amount of work, the technicality of the work, and the PCB hazard involved, staff believes the quoted price of \$66,209.46 to be reasonable.

Funding for these repairs is available from the approved FY2017/18 operating budget under minor substation improvements. This currently contains \$87,000 to cover this contract.

ALTERNATIVES:

1. Waive the purchasing policy requirement for competitive bidding for the Transformer Repairs for Electric Services and award a contract to Jordan Transformer, LLC, Jordan, MN, in the amount of \$66,209.46 (inclusive of Iowa sales tax) to repair the two transformers.
2. Do not approve and direct staff to solicit bids for these repairs.

MANAGER'S RECOMMENDED ACTION:

It is crucial to have these transformers repaired and returned by the needed timeframes. One of them is required to start the Power Plant's Unit No. 8 generator following the Spring outage. By working on the second transformer immediately after, the City will save significant staging and clean-up costs since the equipment will already be here. Electric Services staff is also attempting to get both transformers repaired prior to summer so that substations are not off-line during high load conditions.

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