

**COUNCIL ACTION FORM**

**SUBJECT: LED LUMINAIRES SUPPLY CONTRACT FOR ELECTRIC DISTRIBUTION**

**BACKGROUND:**

This project will provide for the replacement of nearly all existing High Pressure Sodium (HPS) and Mercury Vapor (MV) Street Light fixtures with Light Emitting Diode (LED) fixtures during routine maintenance activities. This project is expected to replace approximately 7,500 roadway and security lights over the next several years, which includes all lights within the City of Ames electric system. LED lights have a longer life and use significantly less energy than existing HPS and MV fixtures. They are instant on, result in lower ongoing maintenance costs, reduce energy usage, decrease the City's carbon footprint, contribute to a more sustainable Ames, and direct light downward to avoid light contamination of the night. By performing retrofits during routine maintenance activities, this effort is expected to generate a return on investment within 10 years, based on projected energy and maintenance savings. LED fixtures have an expected life of at least 20 years with no maintenance, compared to HPS fixtures which must have bulbs replaced every 3-5 years and require other routine maintenance on ballasts. The replacement plan for this project is to allow for the existing street light maintenance workers to retrofit LED lights during routine maintenance on HPS and MV lights in order to minimize retrofit labor costs. Since this effort will be routine-maintenance-based, it will not target specific streets or areas.

This contract is to provide LED luminaires for the period from award date through June 30, 2019. The contract includes a provision that would allow the City to renew the contract for up to one additional twelve (12) month term.

Under the proposed contract, LED luminaires would be purchased at the City's discretion which may be quarterly or on an as-needed basis. This provides the City with flexible inventory management and helps to reduce the need for storage space. The FY 2018/19 Capital Improvements Plan includes \$250,000 for the LED Street Lights – Maintenance Retrofits. A purchase order will be issued for \$250,000 and purchases will be made against the purchase order through the contract period.

On June 22, 2018, an invitation to bid (ITB) document was issued to 81 companies. The ITB was advertised on the Current Bid Opportunities section of the Purchasing webpage.

On July 17, 2018, 5 bids were received, as shown on the attached report. Council should note that the Total Evaluated Cost is based on quantities that staff estimates will be purchased during this contract period, unit prices, and operating costs. Operating cost is based on input Watts of the LED luminaire offered and energy cost of \$3.00 per Watt.

Staff reviewed the bids and determined that the bids submitted from Stuart Irby and Van Meter were non-responsive because they did not provide a proposed not-to-exceed percentage escalator for renewal periods with the bid. Since this is a renewable contract, the percentages are a mandatory requirement because they provide a cap on any cost increases for the next renewal period. It is worth noting that the first year bids from these two companies were both higher than the apparent low bidder.

As a result, staff concluded that the apparent low bid based on Total Evaluated Cost submitted by Excellence Opto, Inc. of Pomona, CA is acceptable.

**ALTERNATIVES:**

1. Award a contract to Excellence Opto, Inc. of Pomona, CA for the LED Luminaires Supply Contract for Electric Distribution in accordance with unit prices bid.

LED luminaires will be purchased as requested. Payments will be based on unit prices bid and actual quantities ordered.

2. Award a contract to one of the other bidders.
3. Reject all bids and attempt to purchase LED Luminaires on an as needed basis at unpredictable prices.

**MANAGER'S RECOMMENDED ACTION:**

It is important to purchase LED luminaires at the lowest possible cost with minimal risk to the City.

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

<b>AWARDED TO:</b>						
<b>ITB #2018-210 LED Luminaires Supply Contract BID TABULATION - EVALUATED COST SUMMARY</b>						
<b>Total Evaluated Cost</b>	<b>Qty</b>	<b>EXCELLENCE OPTO, INC</b>	<b>PRODUCTION DISTRIBUTION</b>	<b>KRIZ DAVIS</b>	<b>IRBY</b>	<b>VAN METER</b>
		<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>
<b>70 WATT</b>	<b>500</b>	108,350.00	113,865.85	125,245.40		
<b>150 WATT</b>	<b>400</b>	146,404.00	152,075.00	149,187.70		
<b>250 WATT</b>	<b>400</b>	189,344.00	195,323.16	202,325.56		
<b>400 WATT</b>	<b>25</b>	23,411.00	24,140.47	21,936.17		
<b>OVERALL EVALUATED COSTS</b>		<b>467,509.00</b>	<b>485,404.48</b>	<b>498,694.83</b>	<b>-</b>	<b>-</b>
<b>ESCALATOR</b>		0%	5%	5%	none provided	none provided
<b>YEAR 1</b>		-	485,404.48	500,844.28		
<b>YEAR 2</b>		-	509,674.71	523,629.57		
<b>2 YEAR TOTAL</b>		-	995,079.19	1,022,324.41		
<b>NOTES:</b>		Not licensed to collect/remit Iowa taxes	Not licensed to collect/remit Iowa taxes	1% local consideration on unit price	NON-RESPONSIVE	NON-RESPONSIVE