

**COUNCIL ACTION FORM**

**SUBJECT: AWARD OF CONTRACT TO FURNISH TRANSFORMERS FOR ELECTRIC SERVICES**

**BACKGROUND:**

This contract is for the purchase of transformers necessary to meet the anticipated needs of the Electric Services Department. These transformers are kept on hand in order to enable staff to replace failed transformers quickly. Typically, these transformers are used to provide service for commercial and residential applications. It is also necessary to meet the anticipated needs of the Electric Services Department for new service and maintenance activities.

Under the proposed contract, transformers would be purchased by the City as requested on a quarterly or as-needed basis. This provides the City with inventory management flexibility and also helps to reduce the need for extensive storage space. The contract period would start upon award of the contract and end on June 30, 2022 with an option to renew the contract for up to four additional twelve (12) month periods.

On April 1, 2021, an Invitation to Bid (ITB) document was issued to 75 companies. The ITB was advertised on the AmesBids website. On April 22, 2021, four bids were received as shown below:

<b>BIDDER</b>	<b>EVALUATED COST</b>
Border States, Ames, IA (Cooper Power Systems)	\$1,006,656.90
RESCO, Ankeny, IA	\$1,023,683.57
Border States, Ames, IA (WEG/Central Moloney)	\$1,050,530.19
Irby Utilities, Eagan, MN	\$1,161,296.52

**\*Price inclusive of 6% State of Iowa Sales Tax Plus 1% Local Tax**

Bids were evaluated by item on the basis of cost, load loss, and estimated quantities, and delivery. This type of an evaluation was done so that both the initial purchase price and ongoing operational costs of the transformers would be considered when comparing bids.

**Additionally, delivery time was evaluated. Delivery time is critical to prevent disruption of service. Border States offered delivery time of 28-32 weeks for padmount transformers and 26-30 weeks for overhead transformers. RESCO**

**offered delivery time for padmount transformers of 18-20 weeks and overhead transformers in 14-16 weeks.**

**Due to the volatility of the market regarding transformer prices, RESCO offered a possible contract renewal for one year. Border States and Irby Utilities are unable to offer renewal contract pricing.** In the case of Border States, they offered two bids, each with different manufacturers of transformers containing different loss characteristics.

Based on estimated usage from the past three years, the proposed delivery times, the option to renew, and the characteristics of the transformers offered, staff has concluded that the bid submitted by RESCO, Ankeny, Iowa, is acceptable.

**ALTERNATIVES:**

1. Waive the local consideration accommodation in the evaluation, allowed by the Purchasing Policy and award a contract to RESCO, Ankeny, Iowa, for the purchase of Electric Services transformers in accordance with unit prices bid, inclusive of sales tax.
2. Award a contract to Border States, Ames, Iowa, the apparent low bidder, for the purchase of Electric Services transformers in accordance with unit prices bid, inclusive of sales tax.
3. Reject all bids and attempt to purchase transformers on an as needed basis.

**CITY MANAGER'S RECOMMENDED ACTION:**

It is important to purchase transformers at the lowest possible cost with minimal risk to the City. It is also imperative to have transformers available to meet customer needs. The comprehensive evaluation of pricing, delivery lead time, characteristics of available models, and renewal option indicates that the proposal by RESCO, Ankeny, Iowa is the best value for the Electric Services Department.

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