

ITEM #: 13
DATE: 11-28-23
DEPT: Electric

COUNCIL ACTION FORM

SUBJECT: AWARD CONTRACT TO PURCHASE TRANSFORMERS FOR ELECTRIC SERVICES DEPARTMENT

BACKGROUND:

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

Lead times have become a challenge for many vendors of critical electric inventory components, due to supply chain issues. To address the Electric Department's need for transformers in the future, staff issued a Request for Quotation (RFQ) for a one-time purchase of specifically requested transformers. On October 6, 2023, an RFQ document was posted to Ames Bids, the electronic bidding site. A total of 18 potential bidders viewed the project. On October 19, 2023, bids were received as follows:

LINE	TRANSFORMER	QUANTITY	RURAL ELECTRIC SUPPLY COOPERATIVE (RESCO)* Ankeny, Iowa	DAKOTA SUPPLY GROUP Ames, Iowa	IRBY UTILITIES Rapid City, South Dakota
1	75 kVA (120/240 v)	5	\$28,141.00	No Bid	No Bid
2	150 kVA (120/208 v)	5	\$77,815.75	\$126,862.57	No Bid
3	500 kVA (277/480 v)	3	\$87,055.20	\$138,699.03	No Bid
4	750 kVA (120/208 v)	2	\$83,609.80	\$123,811.39	No Bid
5	750 kVA (277/480 v)	5	\$170,017.65	\$267,911.09	No Bid
6	2500 kVA (277/480 v)	1	No Bid	\$127,984.29	No Bid

***RESCO pricing is subject to manufacturer escalation at time of shipment not to exceed 5%.**

Price is inclusive of 6% State of Iowa Sales Taxes Plus 1% Local Tax.

IRBY Utilities submitted a bid, but the bid form did not contain any pricing. Therefore, staff evaluated the two bids that contained responsive quotes. After the RFQ was issued, Electric Services staff determined that the transformer specified in line 6 in the table above was no longer needed. Staff was

able to repair an existing transformer with similar specifications.

This contract will be paid from \$350,000 budgeted in FY2023/24 from the Underground Systems Improvements/Transformers and \$96,640 from the Underground System's Improvements/Equipment & Materials accounts.

ALTERNATIVES:

1. Award a contract to RESCO of Ankeny, Iowa for the purchase of pad mount transformers in the amount not to exceed \$446,639.40. Payments will be based on unit prices and quantities ordered inclusive of all applicable sales taxes.
2. Direct staff to award the contract to another bidder.
3. Reject the bids.

CITY MANAGER'S RECOMMENDED ACTION:

Transformers are a critical component to provide reliable electric service to customers of the Ames Municipal Electric System. 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 in the short-term as well as the long-term. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.