

ITEM #: 17
 DATE: 09-10-24
 DEPT: ELEC

COUNCIL ACTION FORM

SUBJECT: **PURCHASE OF TRANSFORMERS FOR ELECTRIC SERVICES
 DEPARTMENT**

BACKGROUND:

This award 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 specific transformers, separated into four equipment groupings. On August 8, 2024, an RFQ document was posted to Ames Bids, the electronic bidding site. A total of 24 potential bidders viewed the project. On August 22, 2024, bids were received as follows:

	Number of Equipment Groupings Responded To (Four Solicited)	Response Total*
Power Line Supply of Williamsburg, IA	1	\$79,650.80
Graybar Electric of Des Moines, IA	3	\$144,428.60
Dakota Supply Group of Ames, IA	4	\$190,692.97
Midwest Electric Transformer Services of Hesston, KS	4	\$197,452.45
WESCO Distribution of Des Moines, IA	2	\$198,788.88
RESCO of Ankeny, IA	4	\$225,631.97
Fletcher Reinhardt of Cedar Rapids, IA	4	\$258,023.01
MVA Power of L'Assomption, Quebec, Canada	4	\$273,663.75
AKL Engineering of Houston, TX	4	\$275,369.85

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

Although there were lower bids in some equipment groupings, RESCO was the lowest responsible, responsive bidder for each of the four equipment groups to offer transformers that met all specifications, including the acceptable manufacturer list.

Among the non-responsive bids were those that offered re-manufactured transformers, transformers that were not on the acceptable manufacturer list, or where insufficient transformer load loss data was provided by the bidder for evaluation. Due to the criticality of these transformers in the Ames Electric System, Electric Services does not purchase re-manufactured transformers or transformers that are not on the acceptable manufacturer list. These specifications were listed in the RFQ.

This contract will be funded from the adopted FY 2024/25 budget, from the Underground System Improvements/Transformers account and the overhead System Improvements/Transformer account where there are available budgeted amounts of \$700,000 and \$200,000 respectively.

ALTERNATIVES:

1. Award a contract to RESCO of Ankeny, Iowa for the purchase of pad mount transformers in the amount of \$225,631.97. 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 critical 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.