

ITEM #:	<u>20</u>
DATE:	<u>09-23-25</u>
DEPT:	<u>ELEC</u>

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. They are also necessary to meet the anticipated needs of the Electric Services Department for new services and maintenance activities. Typically, these transformers are used to provide service for commercial and residential applications.

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 27, 2025, an RFQ document was posted to Ames Bids, the electronic bidding site. A total of 33 potential bidders viewed the project.

Bids were received on September 9, 2025. The bids are shown in the table below. The table reviews the bids in two ways: 1) The "Response Total Cost" column is based on the unit cost of the transformers as bid by the supplier, 2) The "Evaluation Cost" reflects the unit cost of the transformers plus an "energy loss" component that considers losses in the transformer under no-loss and low-loss operation. Transformers that are less efficient under this evaluation are shown as costing more in this "Evaluation Cost" column:

	Number of Equipment Groupings Responded To (Four Solicited)	Response Total Cost*	Evaluation Cost*
Power Line Supply of Williamsburg, IA	2	\$173,205.18	\$187,076.66
Eaglerise Distribution Inc, of Temple City, CA	4	\$276,913.11	\$295,379.17
WESCO Distribution, of Des Moines, IA	4	\$313,701.53	\$331,882.97
RESCO (Rural Electric Supply Cooperative) of Ankeny, IA	4	\$338,869.00	\$352,051.40
Border States of Ames, IA	4	\$335,760.84	\$355,138.54
Fletcher Reinhardt Company of Cedar Rapids, IA	4	\$375,398.80	\$394,728.35
MVA POWER Inc of L'Assomption, QC	4	\$496,594.74	\$514,597.49

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

Power Line Supply bid on two of the four requested types of transformers. However, the company was not the lowest evaluated price on either line responded to. The bid from Eaglerise Distribution, Inc. was found to be non-responsive, as the manufacturer is not approved. **WESCO Distribution was the lowest responsible, responsive bidder to offer transformers that met all specifications. Among responsive, responsible bidders, WESCO was the lowest for both the Response Total Cost and Evaluation Cost.**

Of note, WESCO included a "Price Adjustment Policy" to its bid. This is the only bidder that included this language. The Price Adjustment Policy (PAC) states:

"Due to extended delivery dates, pricing is not held constant between order placement and shipment. The price shall be adjusted per the price adjustment clause described below 3 months prior to shipment. A weighted combination of the following indices will be used for price adjustments: Core Steel, Copper, Carbon Steel, Labor. The Index Baseline will be the month and year in which the proposal is issued."

Staff does not anticipate that the potential for price adjustment would be significant enough to warrant awarding the bid to the next lowest-cost vendor. The price adjustments will be handled by a change order to the contract at the time the order is placed in accordance with the City's Purchasing Policies.

This contract will be funded from the Underground System Improvements/Transformers account in the adopted FY 2025/26 budget. The available budgeted amount is \$400,000.

ALTERNATIVES:

1. Award a contract to WESCO, of Des Moines, IA, for the purchase of pad mount transformers in the amount of \$313,701.53. 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.