



City of Grand Island

Tuesday, March 28, 2006

Council Session

Item G16

**#2006-99 - Approving Bid Award - 22.5 MVA Substation
Transformers - Utilities Department**

Staff Contact: Gary R. Mader; Dale Shotkoski

Council Agenda Memo

From: Gary R. Mader, Utilities Director
Dale Shotkoski, Asst. City Attorney/Purchasing

Meeting: March 28, 2006

Subject: Award of 22.5 MVA Substation Transformers

Item #'s: G-16

Presenter(s): Gary R. Mader, Utilities Director

Background

The Electric Department has five electric distribution substations connected to the 115,000 volt electric transmission loop. These substations reduce voltage from the 115,000 volt level to 13,800 volts for distribution within the city. Phase One of the construction of two of the Substations, "E" and "F", was completed in 2001. Substation "E" is located north of Swift, serving Swift, the Waste Water Treatment Plant, and the surrounding area as it develops. Substation "F" is located north of Menards, serving commercial and residential loads in that area.

Grand Island designs its distribution substations to contain a pair of substation transformers and buses for distribution feeders. This provides redundancy and limits fault currents on the distribution system. Generally, substations are initially constructed (Phase One) with a single transformer. The second transformers are installed when the load growth dictates. The Electric Department is now in the process of purchasing the material required to add the second transformers and distribution buses at Substations "E" and "F" in anticipation of continued load growth in those areas.

Discussion

The transformers are the most expensive, and last, of the components necessary for expansion, and were included in the 05-06 Electric Department budget. Specifications were prepared for **22.5 MVA Substation Transformers**. The Advertisement appeared in the **Grand Island Independent** on February 11, 2006. Bids were opened on March 14. Four firms offered to supply the transformers, as tabulated below:

Two 22.5 MVA Substation Transformers			
Bidder	Manufacturer	Base Price	Evaluated Cost
VA TECH Ferranti-Packard	VA Tech	\$1, 675,388.88	\$2,115,726.88
Dutton-Lainson Co.	Delta-Star	\$1,872,860.59	\$2,404,530.59
Waukesha Electric Systems	Waukesha	\$1,887,587.00	\$2,374,687.00
Kuhlman Electric Corp.	Kuhlman	\$1,943,708.00	\$2,399,258.00

The apparent low bidder, VA Tech, is not licensed in Nebraska to collect sales tax and submitted an “as read” bid of \$1,565,784 which did not include sales tax. 7% tax was added, for bid comparison, and that tax addition is reflected in the Base Bid amount shown in the above tabulation. Other bidders included sales tax.

Each of the proposed transformers was evaluated for losses over the expected life of the units, as is the Electric Department’s standard for transformer purchases. The tabulated Evaluated Cost figures include the life-of-unit losses costs.

VA Tech bid a firm price. All other bidders included cost escalation factors based on various government materials indices. Since VA Tech, with a firm price, was the low bidder, escalation adders for the other three bids were not computed.

Each bidder was required to provide certain spare parts as a part of the bid price. Bidders were also asked to provide a listing of any additional spares recommended but not specified, and costs for any specialty equipment required for transformer installation. After review, the Utilities Department recommends additional spare parts in the amount of \$14,178 and an installation power supply rental in the amount of \$7,500 be included in the VA Tech bid price.

Additionally, VA Tech requested that a purchase order be issued if they are the successful bidder. That format is industry standard. The Legal Department has reviewed this request and, with incorporation of the specifications and bid documents, has determined that the purchase order contract form is acceptable.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council award purchase of the 22.5 MVA Substation Transformers to VA Tech Ferranti Packard, the low compliant bid, in the amount of \$1,587,462.00 which includes the additional spare parts and installation power supply, and that sales tax be remitted separately by the Utilities Department.

Sample Motion

Move that the VA Tech Proposal for two 22.5 MVA Substation Transformers be accepted and that the Electric Department be authorized to issue a Purchase Order in the amount of \$1,587,462.00 for the purchase.



Dale M. Shotkoski, Assistant City Attorney

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Better Tomorrow, Today*

BID OPENING

BID OPENING DATE: March 14, 2006 at 11:00 a.m.
FOR: 22.5 MVA Substation Transformers (Re-Bid)
DEPARTMENT: Utilities
ESTIMATE: \$2,000,000.00
FUND/ACCOUNT: 520
PUBLICATION DATE: February 11, 2006
NO. POTENTIAL BIDDERS: 4

SUMMARY

Bidder:	<u>Waukesha Electric Systems</u> Waukesha, WI	<u>Kuhlman Electric Corporation</u> Versilles, KY
Bid Security:	Liberty Mutual Insurance Co.	Hartford Casualty Insurance Co.
Exceptions:	Noted	Noted
Bid Price:	\$1,887,587.00	\$1,943,708.00
Bidder:	<u>VA Tech</u> Ontario, Canada	<u>Dutton-Lainson Company</u> Hastings, NE
Bid Security:	Federal Insurance Co.	Universal Surety Company
Exceptions:	Noted	Noted
Bid Price:	\$1,565,784.00	\$1,872,860.59

cc: Gary Mader, Utilities Director
Burhl Gilpin, Assist. Utilities Dir. Phelps
Dale Shotkoski, Purchasing Agent

Bob Smith, Assist. Utilities Director
Gary Greer, City Administrator
Laura Berthelsen, Legal Assistant

RESOLUTION 2006-99

WHEREAS, the City of Grand Island invited sealed bids for Contract 06-PCC-01, 22.5 MVA Substation Transformers, according to plans and specifications on file at Phelps Control Center; and

WHEREAS, on March 14, 2006, bids were received, opened and reviewed; and

WHEREAS, VA Tech Ferranti Packard of St. Catharines, Ontario, Canada, submitted a bid in accordance with the terms of the advertisement of bids and plans and specifications and all other statutory requirements contained therein, such bid being in the amount of \$1,587,462.00, which includes the additional spare parts and installation power supply.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the evaluated bid of VA Tech Ferranti Packard of St. Catharines, Ontario, Canada, in the amount of \$1,587,462.00 for Contract 06-PCC-01, 22.5 MVA Substation Transformers, including additional spare parts and installation power supply is hereby approved as the lowest responsible bid.

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Adopted by the City Council of the City of Grand Island, Nebraska, March 28, 2006.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
March 23, 2006	☐ City Attorney