

## FOR BOARD ACTION

Agenda Item # 8

Meeting Date:

8/30/11

**SUBJECT:**

Consideration of Bids: IBM Substation Indoor Metalclad Switchgear

**PREPARED BY:**

Neil Stiller, Sr. Electrical Engineer

ITEM DESCRIPTION:

IBM Substation is an existing facility serving the IBM plant campus. Two existing power transformers supply power to the plant via indoor metal-clad switchgear. A project is planned that will double the functionality of the station. Two distribution feeders will continue to serve the IBM campus and two will serve the Mayo Support Center campus. The existing switchgear will be removed and replaced by switchgear purchased under this purchase order. Work is scheduled for a mid September start, with completion scheduled for third quarter of 2012.

Four bids were received for the equipment. Two bids were disqualified as a result of the absence of required bid bonds. The remaining two bids were evaluated by staff and by RPU's engineering consultant for this project. During evaluation, it was discovered that both bidders had in similar fashion misinterpreted the requirements of the technical specification, and had submitted pricing based on an incorrect equipment rating. Both bidders acknowledged the error. Staff obtained information from the low bidder regarding the details of correcting the error. A price increase is required to obtain the desired equipment, however the revised pricing does not change the competitive ranking of the two bids.

Following consultation with the City Attorney, staff determined that the error represented a minor irregularity of the bid. Since both bidders submitted the same error, and its correction does not change the outcome of the bid, staff believes the City would not be granting an advantage to either bidder by accepting the bid with corrections. As stated in the Notice To Bidders, "the Public Utility Board reserves the right to waive minor irregularities or minor errors in a bid if it appears that such irregularities or errors were made through inadvertence and does not give Bidder a substantial benefit or advantage over other bidders." The bid tabulation and the bid from Pedersen Power Products, Inc. are attached.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Receipt of this equipment will occur in 2012. Funds for this work will be contingent on the approval of the 2012 capital budget.

  
\_\_\_\_\_  
General Manager

  
\_\_\_\_\_  
Date

## FOR BOARD ACTION

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### UTILITY BOARD ACTION REQUESTED:

Management requests that the Board:

1. Reject the bids from Viking Electric–Square D and Border States–Square D for failure to meet bid specifications by not providing a bid bond.
2. Waive the pricing error based on an incorrect equipment rating in the bids from Pedersen Power Products, Inc. and Eaton Electrical Inc. as a minor irregularity of the bid.
3. Accept the bid as corrected and approve a purchase order agreement with Pedersen Power Products, Inc. as the lowest responsible bidder to provide indoor metalclad switchgear per the specification for the IBM Substation project. The amount of the purchase order will be \$400,458.00.

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Date

**Bid Tabulation, IBM Substation Switchgear**

Price	Viking Electric - Square D	Eaton Electrical Inc.	Border States - Square D	Pederson Power Products
	Base Bid	Base Bid	Base Bid	Base Bid
1 Switchgear Base Price	\$399,750.00	\$576,380.00	\$527,981.00	\$366,962.00
2 One Spare 1200 A Breaker	\$27,450.00	\$9,799.00	\$28,140.00	\$9,179.00
3 One Spare 2000 A Breaker	\$34,350.00	\$12,265.00	\$35,214.00	\$10,934.00
4 One Spare trip coil	\$318.00	\$93.00	\$325.00	\$300.00
5 One Spare cbse coil	\$275.00	\$93.00	\$279.00	\$300.00
6 One Spare charging motor	\$2,095.00	\$449.00	\$2,145.00	\$1,490.00
7				
8 Sum	\$464,238.00	\$599,079.00	\$594,084.00	\$389,165.00
9				
10 <b>Adders and Deductions</b>				
11 Corrected equipment rating of overall switchgear				
12 Corrected equipment rating of spare 1200 A breaker				\$10,056.00
13 Corrected equipment rating of spare 2000 A breaker				\$701.00
14 Omit wheel kits				\$1,286.00
15				-\$750.00
16				
17 <b>Total Price with Adders and Deductions</b>	\$464,238	\$599,079	\$594,084	\$400,458
18 Price Difference to Low Bid	\$63,780	\$198,621	\$199,626	Least Cost
19				
20 <b>Design</b>				
21 13.8 kV		yes		yes
22 2000 A		yes		yes
23 95 KV BIL		yes		yes
24 Fault Rating		750 MVA		28 kA
25 Close and Latch Capacity		yes		yes
26				
27 <b>Other Comparisons</b>				
28 Bid Bond	Not Included		Not Included	
29 Performance Bond				included
30 Valid Pricing		75 days		90 days
31 Issue of Approval Drawings		TBD		8-10 wks
32 Design Approval				2 wks
33 Delivery		3/4/2012		3/4/2012
34 Warranty (after energization - 18 month required)		12 months		18 months
35 Warranty (after ship - 24 month required)		18 months		24 months
36 2-year Warranty		included		included
37 3-year Warranty		NA		NA



# PEDERSEN POWER PRODUCTS

3900 Dahlman Avenue • Omaha, Nebraska 68107-1594 • Telephone (402) 734-3900  
FAX (402) 734-0622

July 6, 2011

Rochester Public Utilities  
4000 East River Road, NE  
Rochester, MN 55906

Attn: Bob Ledebuhr, C.P.M, Material Manager.

Subj: IBM Substation  
PPP Quote # 4520

Dear Bob:

We are pleased to submit our proposal for 15KV switchgear for the above referenced project. Please refer to the Proposal Drawing and Bill of Material included with this submittal.

## ITEM

## DESCRIPTION

1. One (1) Lineup of 15KV Indoor Metal-clad Switchgear consisting of seven (7) sections, five (5) 2000A breakers, four (4) 1200A breakers.  
Equipment provided is per our attached Bill of Material

PAYMENT TERMS: ..... Ninety percent (90) days, balance of contract price (10%) due within ninety (90) days.

DRAWINGS: ..... 8 - 10 Weeks A.R.O.

DELIVERY: ..... 18 - 20 Weeks after receipt of approved drawings (two weeks turn-around) and release for manufacture

F.O.B.: ..... Job Site, prepaid and allowed

PRICES: ..... FIRM, through quoted delivery

PRICE VALIDITY: ..... 60 Days

This material will be manufactured, designed and tested in our Omaha, Nebraska factory, utilizing our normal labor force.

The construction of the switchgear building will be per our standard design as described in the attached "Pedersen Power Centers Construction Features". Paint system that Pedersen utilizes is described in this document.

Pedersen Power Products is incorporated in the State of Nebraska.

Rochester – IBM Substation  
Page 2

**Our proposal includes:**

1. Production tests for the switchgear assembly per ANSI Standards C37.20.2. We will also perform a functional test of all control circuits. We will utilize the circuit breakers being provided for this project for testing on the switchgear. The circuit breaker will be uncrated, racked into a switchgear cubicle and tested. The circuit breakers will ship with the switchgear.
2. Witnessing of the tests and inspection of the switchgear prior to shipment at no additional charge. Travel and lodging for the witness representative(s) of the owner and/or specifying engineer are not included in our scope of supply
3. Sales or Use Tax

**Our proposal does not include:**

1. Power cable and ground terminal connectors or stress terminators
2. Relay calibration or programming
3. Any special production tests or design tests.
4. Compliance with NFPA 70E and OSHA mandated personnel arc flash protection and calculations to establish the required level of protection. This is the responsibility of the specifier.

**Comments and Clarifications on Specifications**

1. We have attached a proposal bill-of-material and drawing for your review.
2. Our Construction design allows expansion from either end of the Outdoor structure.
3. The potential transformer and the CPT fuses, as required, will be mounted on self-grounding tilt-out trunnions.
4. Three (3) sets of hard copy Instruction and Maintenance Manuals are included in our proposal price.
5. Delivery to site requires access via paved or improved roadway for movement of a load weighing approximately 25,000 lbs. If access conditions require a shipping split, additional freight charges will apply.

Rochester – IBM Substation

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6. This proposal is quoted freight prepaid and allowed, based on current fuel and permit charges. The amount of freight allowed is \$0,000.00. This cost is subject to change based on fuel costs at time of shipment, and will be adjusted accordingly upon invoicing. Price quoted included any known permits or escorts that may be required at bid time. If any additional permits are required due to conditions or increases at time of shipment, they will be prepaid and added to the invoice.
7. Prices quoted do include all drawings required by the pertinent specifications for all parts integral to this equipment. Drawings will be prepared using AutoCAD 2010.
8. Equipment furnished is warranted to be free from defects in material and workmanship for a period of twenty-four (24) months from date of shipment or eighteen (18) months from date of energization, whichever ever occurs earlier. Warranty will require that equipment has been installed, operated and maintained in accordance with PPP's and its supplier's recommendations and standard industry practice.

**Comments and Clarifications on Terms and Conditions**

1. General Terms & Conditions # 007201;  
PPP will be acting as a "Material Supplier" or a "Materialman" PPP takes exception to the term "Contractor".
2. Para. 7. a) Insurance; The insurance carrier will endeavor to give notice as per the term of the policy. They can not guarantee a 30-day notice of cancellation and/or non-renewal.  
  
c) PPP will provide 1,000,000 each occurrence/ 2,000,000 aggregate for both bodily injury and property damage liability. Refer to the attached copy of our insurance limits.
3. Para 9. Professional Responsibility; PPP takes exception to this entire statement.
4. Para 25. Contract Close Out Procedures; Retainage shall be remitted either upon acceptance of work by the Owner/Engineer or 90 days from date of receipt of equipment, whichever comes first.

Exhibit A – Addendum to purchase order agreement.

5. Para 2. Scheduling; drawings will be 8-10 weeks; PPP will agree to a 1/31/2012 delivery of equipment based upon an award no later than 8/3/2011.

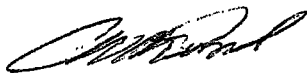
Rochester – IBM Substation  
Page 4

Para 3. Compensation; should the need arise for the equipment to be stored; 1) PPP will require 95% payment of the contract amount, 2) the warranty period will start as of the equipment is placed in storage, and 3) freight charges may be subject to increase depending upon when the customer is ready to accept the equipment, this may also hold true if there is any Technical Support Services on the job.

6. Para. 10 Cancellation; Refer to the attached PPP cancelation schedule.

Please contact me if additional information is required.

Sincerely,  
PEDERSEN POWER PRODUCTS



C.W. McDowell  
Estimating Manager

cc: John Salzmann, PPP

Attachments:

PPP "Pedersen Indoor MetalClad Switchgear Features" brochure  
PPP Proposal Drawing  
PPP Bill of Material  
PPP Cancellation Schedule  
PPP Storage Rates  
PPP Technical Support Service Rates  
PPP Certificate of Liability Insurance

THE AMERICAN INSTITUTE OF ARCHITECTS



AIA Document A310

Bid Bond

KNOW ALL MEN BY THESE PRESENTS, that we E A Pedersen Company
3900 Dahlman Avenue
Omaha, NE 68107

as Principal, hereinafter called the Principal, and Employers Mutual Casualty Co.

a corporation duly organized under the laws of the State of Iowa
as Surety, hereinafter called the Surety, are held and firmly bound unto Rochester Public Utilities
4000 East River Road NE
Rochester MN 55906-2813

as Obligee, hereinafter called the Obligee, in the sum of Five Percent of Bid
Dollars \$( 5% of Bid ),

for the payment of which sum well and truly to be made, the said Principal and the said Surety, bind
ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by
these presents.

WHEREAS, the Principal has submitted a bid for IBM Substation - 15KV Indoor Switchgear

NOW, THEREFORE, if the Obligee shall accept the bid of the Principal and the Principal shall enter into a Contract with the
Obligee in accordance with the terms of such bid, and give such bond or bonds as may be specified in the bidding or Contract
Documents with good and sufficient surety for the faithful performance of such Contract and for the prompt payment of labor
and materials furnished in the prosecution thereof, or in the event of the failure of the Principal to enter such Contract and give
such bond or bonds, if the Principal shall pay to the Obligee the difference not to exceed the penalty hereof between the amount
specified in said bid and such larger amount for which the Obligee may in good faith contract with another party to perform the
Work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect.

Signed and sealed this 28th day of June 2011.

Handwritten signature of Kristine Walker
(Witness)

E A Pedersen Company
Handwritten signature of Principal
(TITLE)
(Seal)

Handwritten signature of witness
(Witness)

Employers Mutual Casualty Company
Handwritten signature of Shannon Kleif
(TITLE)
Attorney-In-Fact
(Seal)



**BID FORM  
004160**

**BID DUE DATE: July 8, 2011, 2:00 PM Central Time**

**PROJECT:** City of Rochester, Rochester Public Utilities  
IBM Substation, 15 kV Indoor Metalclad Switchgear

**FROM:** Pedersen Power Products  
**ATTENTION:** Bob Ledebuhr, C.P.M., Materials Manager

The undersigned agrees, if this bid is accepted, to enter into a contract for the work described in this request for bid and any subsequent formal written changes, exclusive of any qualifications attached hereto, for the following firm lump sum price for the work, including freight F.O.B. jobsite, insurance, overhead, profit, taxes, etc.:

Base Bid

Item No.	Description	Base Bid Amount
1	Base bid for supply of 15kV indoor metalclad switchgear, (Qty. 1 set of 7 cubicles)	\$ 366,962.00

Spare Parts

The City may, at its sole discretion, purchase spare parts from Contractor at the unit prices listed below. All prices shall include material per specification. Any changes in price of Contract will require a change order before the changed work can be performed, in accordance with the Contract Documents.

Item No.	Description	Amount
1	Price per Trip Coil	\$ 300.00
2	Price per Close Coil	\$300.00
3	Price per Charging Motor, complete	\$1490.00
4	Price per 1200 amp circuit breaker, complete.	\$9,179.00
5	Price per 2000 amp circuit breaker, complete.	\$10,934.00
6	Price per 1200:5 amp MR C200 bushing current transformer, complete	\$130.00
7	Price per 2000:5 amp SR C200 bushing current transformer, complete	\$136.00
8	Price per 800:5 amp SR metering accuracy bushing current transformer, complete	\$123.00
9	Price per 400:5 amp SR metering accuracy bushing current transformer, complete	\$123.00

	Yes	No
Bid is, without exception, in exact accordance with the subcontract, specifications, drawings, terms, conditions and requirement of this RFB? (If no, list all exceptions.)		x
Pricing will remain valid for acceptance for 90 days and is not subject to escalation.	x	
Bidder has completed and submitted the Acknowledgement of Corporation Form?	x	

**EXCEPTIONS AND ENCLOSURES**

The Bidder shall state below whether they will comply with all the requirements of the RFB Package including the Purchase Order Addendum. Material exceptions to the specifications that have not been approved prior to bid submission may cause a bid to be considered non-responsive and thus disqualified. Any and all exceptions not so approved shall be at Bidder's risk and shall be itemized below or on an additional document attached to the bid. Each exception shall be referenced to its specific section of the RFB documents. It shall be in the City's sole discretion as to whether any such exception is a material variation from the specifications. Except for the items in this listing, material, equipment, and construction shall be exactly as specified.

<u>Section</u>	<u>Exception</u>
_____	See attached cover letter _____
_____	_____
_____	_____
_____	_____
_____	_____

List hereunder all enclosures accompanying the Bid which are not attached to other sections:

See attached cover letter \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

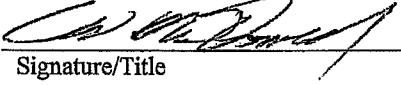
**MILESTONE DATES**

The Bidder shall commit to milestones by providing "Seller Committed Dates." Key milestone dates for the work are as follows:

<u>Milestone Schedule</u>	<u>City Scheduled Date</u>	<u>Seller Committed Date</u>
RFB Due	July 8, 2011	N/A
Signed Purchase Order Required to Meet Delivery Date	August 3, 2011	August 3, 2011
Issue of Approval Drawings	6 weeks ARO	8-10 weeks ARO
Delivery	January 31, 2012	January 31, 2012

The undersigned agrees, if this bid or Alternate Bid is accepted, to enter into contract for the work described in this Request for Bid and any subsequent formal written changes, exclusive of any qualifications attached hereto.

**Submitted by:**

  
\_\_\_\_\_  
Signature/Title

7.7.2011  
\_\_\_\_\_  
Date

Pedersen Power Products  
\_\_\_\_\_  
Company

402.734.3900  
\_\_\_\_\_  
Phone

3900 Dahlman Ave.  
\_\_\_\_\_  
Address

402.734.0622  
\_\_\_\_\_  
Fax

Omaha, NE  
\_\_\_\_\_  
City/State/Zip

bmedowell@pedersenpower.com  
\_\_\_\_\_  
Email



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to reject the bids from Viking Electric-Square D and Border States-Square D for failure to meet bid specifications by not providing a bid bond;

BE IT FURTHER RESOLVED by the Board to waive the pricing error based on an incorrect equipment rating in the bids from Pedersen Power Products, Inc. and Eaton Electrical Inc. as a minor irregularity of the bid;

BE IT FURTHER RESOLVED by the Board, to approve a purchase order agreement with Pedersen Power Products, Inc., subject to approval of the 2012 RPU budget, for

### IBM Substation Indoor Metalclad Switchgear

The amount of the purchase order agreement to be FOUR HUNDRED THOUSAND FOUR HUNDRED FIFTY-EIGHT AND 00/100 DOLLARS (\$400,458.00) and Pedersen Power Products, Inc. being lowest responsible bidder.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30<sup>th</sup> day of August, 2011.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary