

FOR BOARD ACTION

Agenda Item # 7

Meeting Date:

8/30/11

SUBJECT:

Agreement between RPU and the Mayo Clinic for Electric Service to the Mayo Support Center Campus

PREPARED BY:

Mark Kotschevar, Director of Core Services

ITEM DESCRIPTION:

For the past six months RPU staff has been in discussions with Mayo on electric service to the expanding Mayo Support Center Campus property located along West Circle Dr. NW. Mayo desires to have a totally underground redundant primary feed to the campus for security and reliability. The least cost option for such service is to use the existing IBM substation as the source for the two 13.8 kV feeders to the Campus. Approval of the revised IBM electric service agreement allows for this to occur.

This agreement details the scope of the project along with the contribution in aid of construction Mayo will contribute for the security and redundancy. Mayo's contribution reflects the added cost above RPU's standard service provided for under our Rules and Regulations. Mayo has executed the agreement and it is now ready for Board and Council approval.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Funds will be included in the 2012 new services capital budget to cover the cost of the project.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Utility Board request the Common Council to approve the attached Agreement between RPU and the Mayo Clinic for Service to the Mayo Support Center Campus contingent upon approval of the 2012 RPU budget, and that the Council authorize the Mayor and City Clerk to execute the Agreement.



General Manager



Date

**AGREEMENT BETWEEN ROCHESTER PUBLIC UTILITIES AND MAYO CLINIC FOR SERVICE TO THE
MAYO SUPPORT CENTER CAMPUS**

WHEREAS Mayo Clinic in Rochester, MN has plans for various construction projects at the Mayo Support Center (MSC) campus property located along West Circle Dr. NW, North of 41st St NW which will result in an increased need for electric power and energy and

WHEREAS Rochester Public Utilities owns a 161kV-13.8kV redundant 37.5 MVA substation currently serving the IBM Corporation that has available capacity to serve the projected support campus loads and

WHEREAS Rochester Public Utilities, with IBM's consent, has proposed to construct the necessary modifications at the IBM substation along with the associated underground feeders to serve the support campus electric needs;

THE PARTIES AGREE AS FOLLOWS:

Rochester Public Utilities will:

1. Engineer, construct, operate and maintain a replacement set of 13.8 kV switchgear at the IBM substation, as outlined in Exhibit A, for the purpose of supplying power and energy to the Mayo Support Center Campus loads.
2. Engineer, construct, operate, and maintain two dedicated 12 MVA, 13.8 kV underground feeders to interconnect the substation to the campus, including the associated electric duct and manhole system.
3. Engineer and establish concepts and provisions for future additional 12 MVA feeders to allow for possible MSC growth.
4. Meter the Campus's total electrical usage at the substation using one totalizing meter at 13.8 kV.

Mayo Clinic will:

1. Take normal power and energy from the substation at RPU's published rate tariff for such service.
2. Pay a contribution-in-aid of construction for the switchgear and feeders which is proportional to the cost of those facilities requested by Mayo that are considered to be in excess of standard service. Such contributions will be invoiced monthly by RPU at 53.5% of the total, actual, project costs incurred to that date by RPU, net of previous

contributions by Mayo. The basis for and an estimate of Mayo's total contribution is shown in Exhibits A thru C. Irrespective of cost variations for individual items, Mayo's total contribution will be 53.5% of the total project cost.

3. Pay for future maintenance costs associated with the excess facilities.

Rochester Public Utilities and Mayo Clinic mutually agree that:

1. RPU will own all substation facilities, including those considered excess.
2. RPU will own all feeder and duct facilities which exit the substation, including those considered excess. The point of interconnection between RPU and Mayo will be the point of termination of RPU's cable in Mayo's equipment.
3. RPU will perpetually maintain all of its facilities, including those considered excess, and bill Mayo annually for a portion of the actual maintenance and repair costs. Mayo's portion of such costs will be negotiated under a separate agreement based on the incremental expenses associated with the excess facilities. Billed costs will include labor, material, outside services, vehicles, and associated overheads. RPU will be the sole judge of maintenance requirements.
4. If, during the course of construction or future operation, RPU determines that capital modifications to RPU-owned facilities are needed, RPU will approve and install such modifications. The modifications will be reviewed with Mayo prior to any expenditure of monies. When both parties agree to the need for the modification, Mayo will pay a portion of such costs according to the percentage of electrical load derived from the substation. Should Mayo disagree with the planned change, RPU and Mayo will negotiate Mayo's degree of cost participation.
5. The projected in-service date for all facilities is June 1, 2012.

This agreement constitutes the entire agreement between the parties, and is made for the purpose of providing installation and long-term operating and maintenance guidance to the parties in this joint project. Should either party desire, or should conditions warrant, reconsideration of these stipulations, the parties may mutually modify this agreement. Any waiver by either party of its rights with respect to any matter arising in connection with this agreement shall not be deemed to be a waiver by the other party or a waiver in respect to any subsequent matter.

Agreed to on this _____ day of _____, 2011

CITY OF ROCHESTER

By _____

Its Mayor

By _____

Its City Clerk

ROCHESTER PUBLIC UTILITIES

By _____

Its General Manager

MAYO CLINIC, ROCHESTER, MN

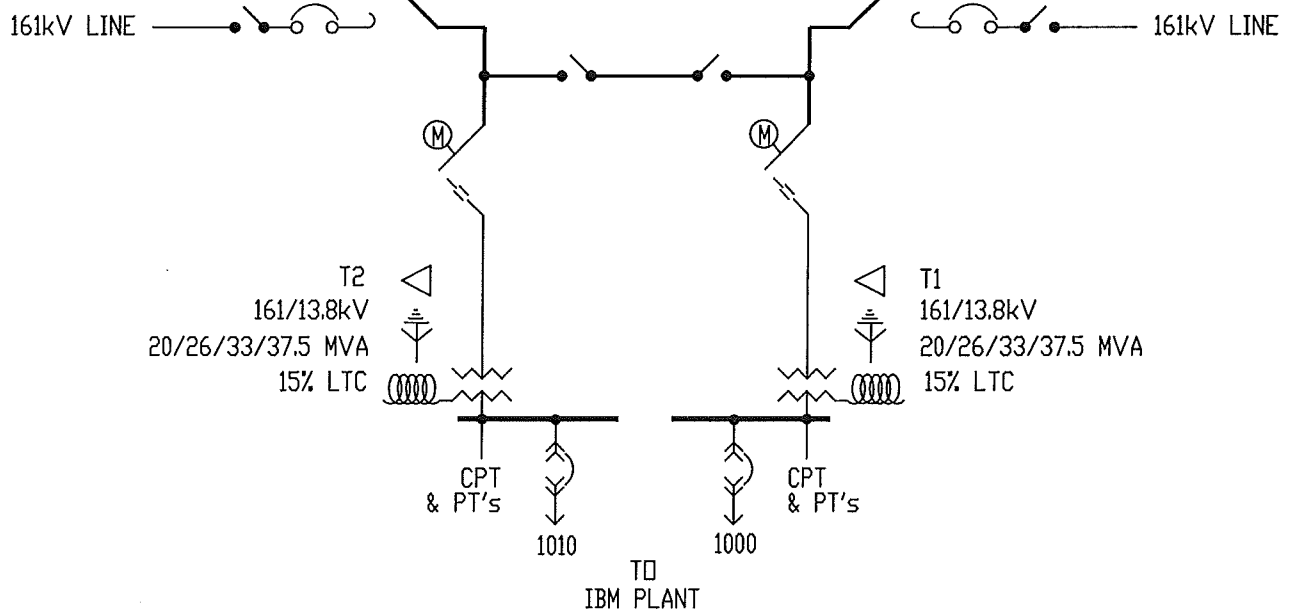
By Mark [Signature]

Its SECTION HEAD - UTILITY OPS.

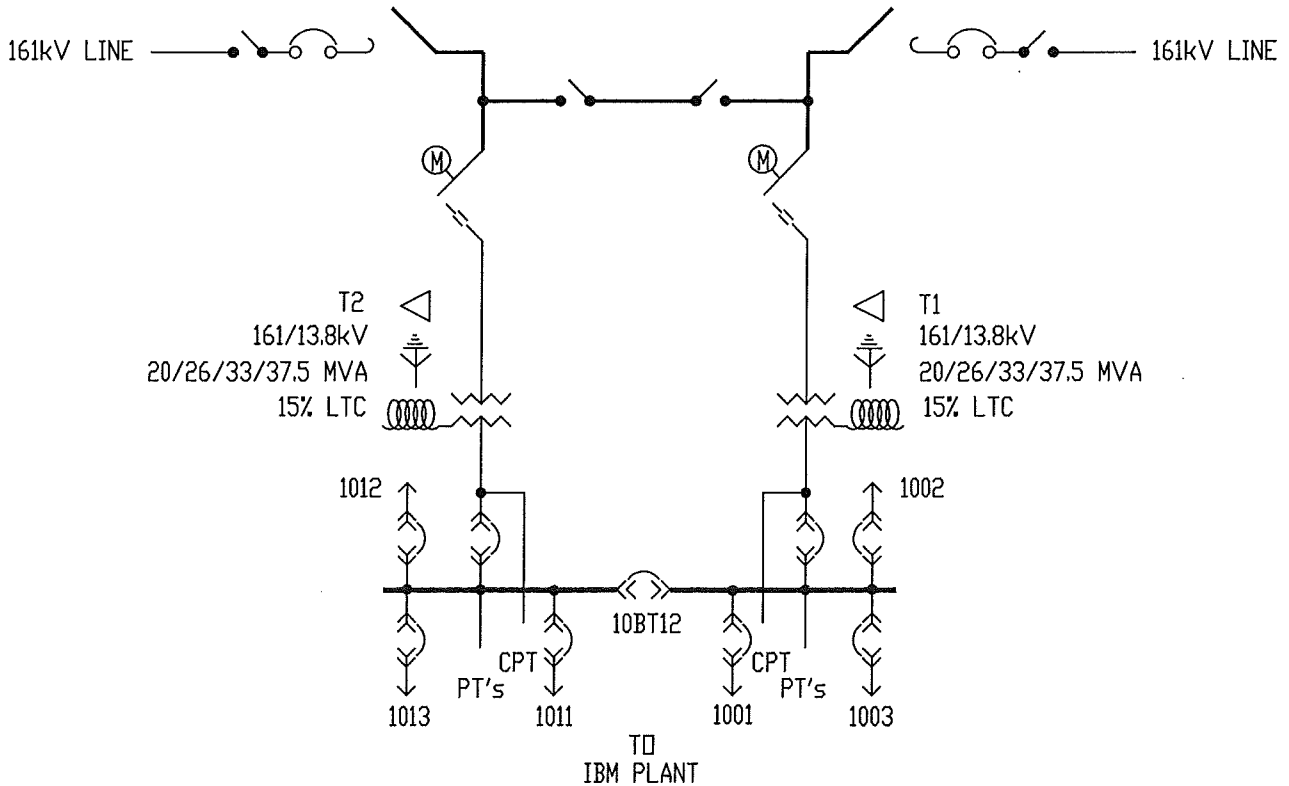
By Ronald P. DeLeon

Its Division Chair / Project Manager

EXISTING



PROPOSED



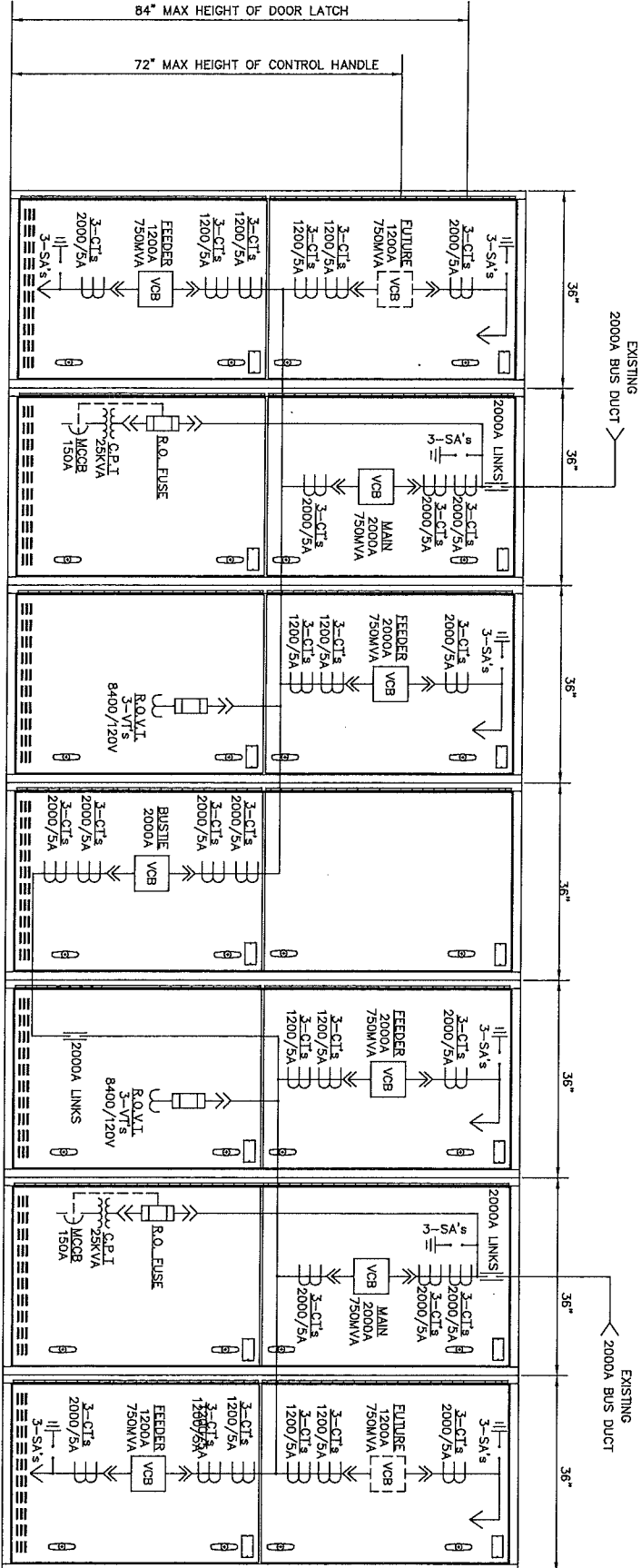
ROCHESTER PUBLIC UTILITIES

NO.	REVISION	APPROVED	
		BY	DATE
			1/2001

**IBM SUBSTATION
SWITCHGEAR REPLACEMENT**

**EXHIBIT A
SK10E020**

EXHIBIT B
SINGLE LINE AND FRONT ELEVATION
REFERENCE SK00E020



CURRENT POSITION --->
 NEW UNIT NO. --->
 SHIPPING SECTION NO. --->
 SECTION NO. 1 UNIT NO. 1 FUTURE FEEDER 1012 FEEDER
 SECTION NO. 2 POSITION 1E UNIT NO. 2 1010 MAIN & CPT
 SECTION NO. 3 POSITION 2E UNIT NO. 3 1011 FEEDER & PT
 SECTION NO. 4 UNIT NO. 4 108T12
 SECTION NO. 5 POSITION 3E UNIT NO. 5 1001 FEEDER & PT
 SECTION NO. 6 POSITION 4E UNIT NO. 6 1000 MAIN & CPT
 SECTION NO. 7 UNIT NO. 7 FUTURE FEEDER 1002 FEEDER

**ROCHESTER PUBLIC UTILITIES
PROJECT COST ESTIMATE
Exhibit C**

Location: IBM Substation
Client: Mayo Clinic
Description: Replace 13.8 kV swgr. Metering attached at 13.8 kV swgr.
 Capability of 2 feeders to Mayo Support Center Campus, 2 feeders to IBM Campus
 Construct 6-conduit duct system from IBM substation to proposed service location.
 Construct two 13.8 kV distribution feeder circuits from new swgr. to proposed service location.

		Project Totals
Quantity	Substation Equipment	Total Cost
7	13.8kV indoor switchgear cubicles	\$ 538,834
Lot	13.8 kV indoor bus duct	\$ 26,610
Lot	Misc. material	\$ 22,218
Lot	Construction Equip Rental & Services	\$ 36,000
Lot	Control Cable	\$ 30,356
Lot	Raceway & Cable Tray	\$ 16,263
4	Revenue metering Equip	\$ 13,960
Lot	Engineering Services	\$ 65,000
Lot	PM and Internal Engineering	\$ 89,298
Lot	Grading (Material and Labor)	\$ 10,400
	Sum:	\$ 848,938
	Contingency (0%)	\$ -
	(Contingency applied to the switchgear limited to 0%)	
	Total Substation Project Cost Estimate:	\$ 848,938
Quantity	Distribution Equipment	Total Cost
28,800	PVC Conduit (assuming 6 - 5 inch) (ft.)	\$ 64,639
4,800	Direct Buried Duct Bank Installation (ft.)	\$ 39,552
4,200	HDPE Conduit (assuming 6 - 5 inch) (ft.)	\$ 19,165
700	Direct Buried Duct Bank Installation (ft.)	\$ 32,445
12,000	Power Cables (2 circuit of 750 AL) (circuit ft.)	\$ 372,000
22	Pull Pits (vaults) (each)	\$ 67,980
Lot	Cable Installation and Termination Labor	\$ 115,000
104	Optional 2" Conc. Cap on top of duct bank (cu. yd.)	\$ 21,424
311	Optional Sand Backfill of Conduit (cu. yd.)	\$ 8,008
Lot	Engineering Services	\$ 30,000
Lot	PM and Internal Engineering	\$ 20,953
	Sum:	\$ 791,166
	Contingency (0%)	\$ -
	Total Distribution Project Cost Estimate:	\$ 791,166
	Total Project :	\$ 1,640,104
Standard Cost of Service Components		
	Value of substation transformer capacity	\$ 307,333
	Installed cost of one feeder breaker in switchgear	\$ 76,980
	Installed cost of feeder from Westside sub	\$ 347,234
	Value of spare breaker compartments (2 future feeders)	\$ 31,891
	Total RPU contribution based on standard cost of service	\$ 763,238
	Mayo contribution in aid of construction	\$ 876,866
	Mayo % of project in excess of standard cost of service	53.5%



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve a contract agreement with the Mayo Clinic, subject to the approval of the 2012 RPU budget, and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

Electric Service to the Mayo Clinic Support Center Campus

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

President

Secretary