

FOR BOARD ACTION

Agenda Item #

10.c.

Meeting Date:

5/29/07

SUBJECT:

Emissions Reduction Project
Approval to Purchase Power Distribution Center (PDC) Package

PREPARED BY:

Wally Schlink, Director of Power Resources

ITEM DESCRIPTION:

The Emission Reduction Project (ERP) continues to proceed according to the project schedule. The Board has previously approved the preliminary project plan, the contract for Engineering Services, the purchase of the Scrubber / Baghouse equipment, the Ash Handling and Storage System and the formal authorization and financing program for the project.

Staff in now prepared to request approval for the Power Distribution Center. The PDC will be a prepackaged building that includes all the electrical equipment required to provide power feed to the equipment that makes up the Emissions Reduction Project.

Through our engineers, Utility Engineering, a specification was distributed to 3 suppliers and we were disappointed that only one bidder eventually chose to bid on the project. Currently there is a boom in the building of coal fired power plants world wide and the installation of emission reduction equipment domestically that has the suppliers of equipment being very selective in their choice of project participation. In reality, the RPU project is very small on the scale of projects on the drawing board and participation by the bidders reflected that fact.

On a more positive note we are pleased that the bidder that did respond, Eaton Electrical, Inc. met all the criteria of the Request for Bid and is a reputable supplier of this type of equipment and the engineer has determined that the PDC will be adequate to meet our demands.

We request that the Board approve the purchase of the PDC as defined in the RFB. The proposed contract price complies with the project estimate. This is an approved project in the 2007 capital budget.

Attached is a recommendation from Utility Engineering along with other support documentation. Staff will be at the Board meeting to answer any questions on this request.

UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Board approve the purchase and request that the Mayor and City Clerk execute the contract for the supply of the Power Distribution Center per the bid specification from Eaton Electrical, Inc. for the lump sum amount of \$748,295 plus additional authorization to increase that amount by \$31,185 if required to expedite delivery to maintain project schedule.


General Manager

5/29/07
Date

ROCHESTER PUBLIC UTILITIES



901 Marquette Avenue, Suite 2900, Minneapolis, MN 55402
612.215.1300 • Fax: 612.766.0360 • Web: www.ue-corp.com

May 24, 2007

Mr. Walter Schlink
Director of Power Production
Rochester Public Utilities
4000 East River Road NE
Rochester, MN 55906-2813

Subject: Silver Lake Plant Unit 4 Emissions Reduction Project
UE Project No. 012668
Recommendation to Purchase Power Distribution Center (PDC) package from
Eaton Electrical Group

Dear Mr. Schlink:

Utility Engineering Corporation (UE) recommends award of the Power Distribution Center (PDC) package to Eaton Electrical Group. We have worked closely with RPU and have followed RPU bid protocol while conducting the competitive bid process. We received one (1) bid from Eaton Electrical Group. UE has studied the Eaton Electrical Group bid package in detail and completed discussions related to technical and commercial exceptions with RPU and Eaton Electrical Group. We believe the Eaton Electrical Group package will provide RPU with an adequate PDC for SLP Unit 4 with inclusion of liquidated damages for delivery dates. Awarding this contract by June 1, 2007 will allow RPU to take another major step toward a successful project.

Bidding Process

On April 16, 2007, a Request for Bid (RFB) for the PDC was issued to the following three (3) bidders:

Eaton Electrical, Inc.
Pederson Power Products
Powercon Corporation

On April 26, 2007, a Request for Bid (RFB) for the PDC was issued to the following bidder at their request:

Graybar Electric

Pederson Power Products declined to bid due to lack of a significant amount of medium voltage switchgear in the PDC package. Powercon Corporation asked for an extension of the RFB due date of at least 1 week. The RFB due date was extended from May 4, 2007 to May 10, 2007. Powercon Corporation later declined to bid based on their interpretation of the specifications calling for a building erected onsite in lieu of a pre-packaged building delivered to the site. Graybar Electric declined to bid based on Square D equipment not being part of the approved bidder's list.

Mr. Walter Schlink, P.E.
Rochester Public Utilities
May 24, 2007
Page 2 of 2

Eaton Electrical Group Bid

Eaton Electrical Group was the only company to submit a bid and submitted a detailed proposal for a price of \$748,295, including \$50,000 for a contingency, performance bond, and shipping. UE believes the Eaton Electrical bid has been responsive to the specification with some exceptions. Exceptions include motor control centers to be provided by others due to motor control center manufacturer specified as Allen Bradley. UE will issue a separate bid package for the motor control centers.

UE's estimated cost for the PDC package was \$767,000 including a \$50,000 contingency. UE considers the Eaton Electrical Group equipment to be of adequate quality based on a thorough evaluation of this proposal and recommends that RPU proceed with contract negotiations to purchase the PDC equipment package from Eaton Electrical Group.

Payment Terms

Eaton Electrical Group will not offer any retention of final payment of the equipment. Payment terms are net 30 days. Eaton Electrical is willing to offer a performance bond for the final 5% of the contract amount at no additional cost.

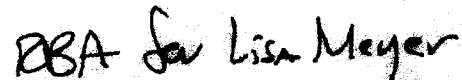
Recommended Contract Price

Including the Performance Bond costs and the contingency amount, UE recommends the issuance of a purchase order to Eaton Electrical for a lump sum price of \$748,295 (detail provided on attached spreadsheet). To ensure that the bid price, negotiated Milestone Schedule dates and negotiated liquidated damages remain valid, UE recommends that a purchase order agreement for the PDC package be executed by June 1, 2007. If a purchase order is not issued by June 1, 2007 the bid price will increase by \$31,185 or delivery schedule would increase from 41 weeks to 54 weeks.

Sincerely,



Roger B. Anderson, P.E.
Senior Project Manager



Lisa Meyer, P.E.
Electrical Engineer

LM/dlk

Enclosures

ITEM #	QTY	UNIT PRICE	TOTAL	BIDDING PARTY:		UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
				QUANTITY	UNIT PRICE				
1	1	\$718,655	\$718,655	1	\$718,655	1	\$718,655		
2	1	\$5,601	\$5,601	1	\$5,601	1	\$5,601		
3	5 days	\$7,825	\$7,825	5 days	\$7,825	5 days	\$7,825		
4	1	\$750	\$750	1	\$750	1	\$750		
5	1	-\$3130	-\$3130	1	-\$3130	1	-\$3130		
6	1	\$18,594	\$18,594	1	\$18,594	1	\$18,594		
TOTAL PRICE				\$748,295		\$748,295			
ADDITIONAL COMMENTS:				PKT. TERMS & CHARGES		SHIPPING POINT		REASON FOR RECOMMENDING:	
Motor Control Centers not part of package due to manufacturer requirement that MCCs be Allen Bradley; must be purchased separately at \$90K estimate. Cable Bus & associated termination box not part of package; must be purchased at \$65K estimate as part of Electrical Construction				Rochester, MN		FOB site		Recommend acceptance of Option 005 480V system high resistance ground. Recommend leaving space in building for future addition of MV motor controllers or circuit breakers and therefore, not accept Option Item No. 007, 008, & 006 at this time. Option pricing for Items 007 & 008 valid until August 15, 2007.	
CRITERIA FOR AWARD				RECOMMENDED FOR PURCHASE FROM		REASON FOR RECOMMENDING:			
Awards are to be made on the basis of the highest value to the Company, which takes into account not only the bid price and delivery terms, but also should include such costs to the Company as transportation, installation, cost of preparation, cost of operation, maintenance, terms of payment and price protection offered by the supplier.				Baton Electrical Lisa Mayer 5/24/07 PREPARED BY AND DATE		Rochester, MN		Recommend acceptance of Option 005 480V system high resistance ground. Recommend leaving space in building for future addition of MV motor controllers or circuit breakers and therefore, not accept Option Item No. 007, 008, & 006 at this time. Option pricing for Items 007 & 008 valid until August 15, 2007.	
OTHER ELEMENTS THAT MAY BE CONSIDERED:				REASON FOR RECOMMENDING:		REASON FOR RECOMMENDING:			
1. Bidder's Experience 2. Bidder's Health 3. Bidder's Financial 4. Bidder's Ability to Supply 5. Bidder's Ability to Supply 6. Bidder's Name 7. Bidder's Location 8. Bidder's Reputation 9. Bidder's Ability to Supply				Rochester, MN		Rochester, MN		Recommend acceptance of Option 005 480V system high resistance ground. Recommend leaving space in building for future addition of MV motor controllers or circuit breakers and therefore, not accept Option Item No. 007, 008, & 006 at this time. Option pricing for Items 007 & 008 valid until August 15, 2007.	

Rochester Public Utilities	
Silver Lake Power Plant Unit 4	
IPA Associated Equipment Milestone Schedule	
Required Order Entry Date:	1-Jun-07
Required Schedule for Equipment Located in Electrocenters	
Approval Drawings Available for Eaton Equipment	17-Aug-07
Approval Drawings Returned Released by Customer	31-Aug-07
Shipment of Eaton Equipment to Electrocenter Builder	1-Feb-08
Shipment of Completed Electrocenter Enclosure	28-Mar-08



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with Eaton Electrical, Inc. and request the Mayor and the City Clerk to execute the agreement for

Power Distribution Center
Emissions Reduction Project

The amount of the contract agreement to be SEVEN HUNDRED FORTY-EIGHT THOUSAND TWO HUNDRED NINETY-FIVE AND 00/100 DOLLARS (\$748,295.00) plus additional authorization to increase that amount by \$31,185.00 if required to expedite delivery to maintain project schedule, and Eaton Electrical, Inc. being lowest responsible bidder.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 29th day of May, 2007.

President

Secretary