

FOR BOARD ACTION

Agenda Item # 7.a.

Meeting Date:

1/24/05

SUBJECT: Diesel Gensets
Amendment to Purchase Order Agreement - Ziegler Power Systems.

PREPARED BY: Scott C. Nickels
Project Electrical Engineer

ITEM DESCRIPTION:

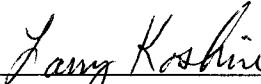
Over the past year RPU has been in the design phase with IBM regarding the utilization of two diesel generators for standby electric service for IBM Building 20 and Powerhouse Building 301 on the Rochester IBM campus, as well as jointly providing peaking capacity for RPU. Pursuant to providing this electric service a request for bids was issued on June 14, 2004 for the generators and related equipment to be installed as a packaged installation. On July 27, 2004 the Utility Board approved an equipment purchase order with Ziegler Power Systems (P.O. 4500020253) in the amount of \$1,430,700.00 for the purchase of 2 – 2.0MW Packaged Engine Generator and Distribution Systems for installation on the IBM campus at Buildings 20 and Powerhouse Building 301. This contract amount was for the purchase of the equipment only.

Ziegler is requesting a \$123,431.00 increase in the authorized amount which would bring the purchase order total to \$1,554,131.00 in order to fully install and interconnect the purchased equipment. This project is budgeted for \$1,512,000.00 in the 2005 budget. This cost increase remains within the total project cost estimate that was used in establishing pricing for IBM. Staff believes this increase is justified due to the increased scope of work undertaken by Ziegler Power Systems to interconnect the purchased equipment. Staff further believes that this is the most economical way of performing the installation since the installation will be performed by multiple construction contractors under the control, coordination, and supervision of Ziegler Power Systems.

We request that the Board approve an increase to the authorized amount for the Ziegler Power Systems equipment contract.

UTILITY BOARD ACTION REQUESTED:

It is recommended that the Utility Board approve a revised compensation amount of \$123,431.00 to the existing Ziegler Power Systems P.O. 4500020253 dated August 3, 2004.



General Manager

1-20-05
Date

ROCHESTER PUBLIC UTILITIES

Budgetary Proposal by

Date: 1/20/2005



Proposal No. ES2005003
REV 1

ZIEGLER POWER SYSTEMS
8050 County Road 101
Shakopee, MN 55379

To:
Rochester Public Utilities
4000 East River Road
Rochester, MN 55906
Mr. Scott Nickels

Re:
RPU/IBM Building 20 & 301
Electrical install between Generator sets and
Switchgear

WE PROPOSE TO FURNISH IN ACCORDANCE WITH THE FOLLOWING SPECIFICATIONS, TERMS AND CONDITIONS

QUANTITY	Electrical installation between Ziegler provided Diesel powered generator sets and Switchgear. IBM Buildings 20 & 301. Nietz Electric will perform onsite work. Work to be supervised by Ziegler Power Systems.
INSTALLATION	As outlined in attached Nietz Electric Proposals. Building 20 dated 12/17/04 \$60,850.00. Building 301 dated 01/19/05 \$51,360.00.
HANDLING FEE	Ziegler Power Systems will add 10% to all costs associated with work and materials being provided to accomplish the installation as outlined in this proposal.

TOTAL ESTIMATED PRICE \$123,431.00*

SITE SUPERVISION Performed as requested/required and billed on a Time and Material Basis

*Price does not include state or local sales and/or use tax.

Standard Ziegler Power Systems Confidentiality Clause The recipient shall not disclose or otherwise make available to any other person or entity, or use other than in connection with performance of the Services which are the subject of this proposal, the contents of this proposal or any other documents, data or information previously delivered or to be delivered to the other party in connection herewith, except as such disclosure may be required by governmental or regulator authorities. Information may be divulged to other parties if prior written approval from Ziegler Power systems has been obtained.

APPROXIMATE SHIPPING DATE n/a

F.O.B n/a

TERMS: Net - 10

THIS PROPOSAL SUBJECT TO ALL PROVISIONS OF THE CONTRACT AND WARRANTY ON REVERSE SIDE

ACCEPTED:

Respectfully submitted,
ZIEGLER INC.

By

Chris Dorival, Sales Engineer

By

Subject to approval by

APPROVED:

ZIEGLER INC.

Its

By

BILL OF MATERIAL

ES2005003

- 1 -

NOTES

Specialty order items subject to re-stocking charges if order is cancelled after release for production.



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an amendment to a purchase order agreement with Ziegler Power Systems for

2.0 MW Packaged Engine Generator and Distribution Systems
Purchase Order 4500020253 dated August, 3, 2004

The amount of the purchase order amendment to be ONE HUNDRED TWENTY-THREE THOUSAND FOUR HUNDRED THIRTY-ONE AND 00/100 DOLLARS (\$123,431.00) for a total amount of \$1,554,131.00.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 24th day of January, 2005.

President

Secretary