

FOR BOARD ACTION

Agenda Item # 3.c.

Meeting Date:

8/25/09

SUBJECT: Consideration of Quotes
Q9 Transmission Structures

PREPARED BY: Steven J. Cook, P.E.
Sr. Electrical Engineer

ITEM DESCRIPTION:

RPU has received quotes from five different suppliers for the purchase of eight different height and class of transmission structures to be used in the extension of the Q9 transmission line to the new West Side Substation. The current plans for this line extension require the purchase and installation of 19 additional standard wood or wood equivalent transmission structures. RPU received quotes from three wood pole suppliers and two steel pole suppliers. The steel pole manufacturers provided quotes for both self weathering steel and for galvanized steel poles.

One of the steel suppliers also provided a quote for additional ground line treatment of their structures.

Based on the competitiveness of steel, engineering recommends the purchase of steel poles as the lowest life cycle cost structure. Engineering also recommends the addition of four extra feet of ground line treatment (treatment to five feet above ground line) which will help protect the structures from additional fill being placed around the base of the structures as land develops in this area and grading is performed.

A last minute design change resulted in a reduction of the proposed purchase quantity of the 95 ft Class H1 structures to zero and an increase in the quantity of 100 ft Class H3 structures from four to five. This is the reason that the attached quote amount does not match the requested purchase order amount.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

These structures are budgeted within the Q9 Extension Project and the quotes are under our estimates. Engineering was extremely surprised that the steel pricing was competitive with wood.

UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Utility Board approve a purchase order for nineteen steel poles with Valmont Newmark with the addition of four extra feet of ground line treatment for \$64,090.00 (sixty-four thousand ninety dollars and 00/100) plus tax.


General Manager


Date

ROCHESTER PUBLIC UTILITIES

TRANSMISSION STRUCTURE QUOTES
Q9 Extension to West Side Substation

Description	Qty	Bell Lumber Douglas Fir Wood		Valmont Galvanized Steel	
		Unit Price	Extended	Unit Price	Extended
105 ft Class H2	1	\$3,860.00	\$3,860.00	\$4,675.00	\$4,675.00
95 ft Class H1	0	\$3,034.00	\$0.00	\$3,386.00	\$0.00
100 ft Class H3	5	\$3,949.00	\$19,745.00	\$4,451.00	\$22,255.00
90 ft Class H2	4	\$3,013.00	\$12,052.00	\$3,317.00	\$13,268.00
95 ft Class H2	6	\$3,324.00	\$19,944.00	\$3,467.00	\$20,802.00
80 ft Class 1	1	\$1,890.00	\$1,890.00	\$2,527.00	\$2,527.00
85 ft Class 2	1	\$1,848.00	\$1,848.00	\$2,445.00	\$2,445.00
95 ft Class 1	1	\$2,645.00	\$2,645.00	\$3,201.00	\$3,201.00
Extended			\$61,984.00		\$69,173.00

Description	Qty	Valmont Weathering Steel		Valmont Weathering, extra ground line	
		Unit Price	Extended	Unit Price	Extended
105 ft Class H2	1	\$4,624.00	\$4,624.00	\$4,855.00	\$4,855.00
95 ft Class H1	0	\$2,776.00	\$0.00	\$2,875.00	\$0.00
100 ft Class H3	5	\$4,497.00	\$22,485.00	\$4,722.00	\$23,610.00
90 ft Class H2	4	\$2,685.00	\$10,740.00	\$2,790.00	\$11,160.00
95 ft Class H2	6	\$2,781.00	\$16,686.00	\$2,890.00	\$17,340.00
80 ft Class 1	1	\$2,126.00	\$2,126.00	\$2,211.00	\$2,211.00
85 ft Class 2	1	\$2,081.00	\$2,081.00	\$2,185.00	\$2,185.00
95 ft Class 1	1	\$2,633.00	\$2,633.00	\$2,729.00	\$2,729.00
Extended			\$61,375.00		\$64,090.00

Description	Qty	Meyer Steel Galvanized Steel		Meyer Steel Weathering Steel	
		Unit Price	Extended	Unit Price	Extended
105 ft Class H2	1	\$4,346.00	\$4,346.00	\$5,096.00	\$5,096.00
95 ft Class H1	0	\$3,960.00	\$0.00	\$4,535.00	\$0.00
100 ft Class H3	5	\$4,354.00	\$21,770.00	\$5,115.00	\$25,575.00
90 ft Class H2	4	\$3,466.00	\$13,864.00	\$4,067.00	\$16,268.00
95 ft Class H2	6	\$3,876.00	\$23,256.00	\$4,535.00	\$27,210.00
80 ft Class 1	1	\$2,832.00	\$2,832.00	\$3,296.00	\$3,296.00
85 ft Class 2	1	\$2,743.00	\$2,743.00	\$3,196.00	\$3,196.00
95 ft Class 1	1	\$3,514.00	\$3,514.00	\$4,094.00	\$4,094.00
Extended			\$72,325.00		\$84,735.00

Description		Stella Jones Douglas Fir Wood		McFarland Douglas Fir Wood	
		Unit Price	Extended	Unit Price	Extended
105 ft Class H2	1	\$4,388.00	\$4,388.00	\$5,420.00	\$5,420.00
95 ft Class H1	0	\$3,417.00	\$0.00	\$4,150.00	\$0.00
100 ft Class H3	5	\$4,520.00	\$22,600.00	\$5,580.00	\$27,900.00
90 ft Class H2	4	\$3,225.00	\$12,900.00	\$4,281.00	\$17,124.00
95 ft Class H2	6	\$3,620.00	\$21,720.00	\$4,661.00	\$27,966.00
80 ft Class 1	1	\$1,862.00	\$1,862.00	\$2,895.00	\$2,895.00
85 ft Class 1	1	\$2,067.00	\$2,067.00	\$3,255.00	\$3,255.00
95 ft Class 1	1	\$2,476.00	\$2,476.00	\$3,947.00	\$3,947.00
			\$68,013.00		\$88,507.00



NEWMARK

955 N Haverhill Rd
El Dorado, KS 67042
316-321-1201

Quote# 37585
Date: 8/17/2009
Rev: 1
Customer: ROCHESTER PU
Project:
Agency: BERGSTROM-VERBARG
Agent: ROGER MCCLEARY

Customer Location: ROCHESTER, MN.
Delivery Location: ROCHESTER, MN.
Contact : STEVEN COOK
Contact # : 507-280-1570
Production Code # : PC-M24S3

Prices quoted for round tapered, direct embedded, steel poles include:

- STEEL TOP CAP
- WELDED BEARING PLATE
- JACKING NUTS
- GROUND PROTECTION FROM 5' ABOVE GROUND LEVEL TO BOTTOM OF POLE, BASED ON BURIAL DEPTH OF 10% OF POLE HEIGHT PLUS 2', INCLUDING BEARING PLATE, ALL AT 20 MILS.
- (2) ZINC COATED GROUNDING INSERTS
- HOLE PATTERN AS REQUIRED

PROVISIONS FOR CLIMB NOT INCLUDED. PLEASE PROVIDE DRILLING SPECIFICATIONS WITH SUBMITTAL OF PURCHASE ORDER. A HOLE LOCATION SHEET HAS BEEN PROVIDED.

PRODUCT FEATURES:

- LOW MAINTENANCE COST
- ENGINEERED (PREDICTABLE DIMENSIONS)
- LIFE CYCLE COST BENEFIT
- LIGHT WEIGHT
- FLAME RETARDANT
- INSECT, PEST, FUNGI RESISTANT
- WOODPECKER RESISTANT
- VEHICLE IMPACT RESISTANT
- FACTORY DRILLED
- "GREEN" BEST PRACTICES

PLEASE REFERENCE QUOTE NUMBER ON PURCHASE ORDER.

Structures would ship 4-6 weeks after receipt of approval drawings based on drawings sent for approval within 1 week after receipt of purchase order and customer returning approved drawings within 1 week. Current shipping schedules noted above are solely those in effect at time of this quotation. Actual schedules are subject to change due to conditions existing at time of order by customer. If stated delivery is not acceptable, please call us so that we may consider other possible options. Structures delivered on standard flatbed trailer. **Freight is FOB destination.**

Prices are based on quantities shown. Any change in quantities may result in a price change. Prices are based on wood pole classes requested. The structure(s) supplied meets or exceeds throughout its length, the loading requirements for the class of wood pole specified. Selection based on Grade B construction. No additional analysis has been performed.

"This quotation complies with the requirements identified in the specifications for a below grade coating. We will utilize the standard practices outlined in The Society of Protective Coatings SSPC-PA 2 for measuring the applied coating thickness against the specification requirements. A determination of the adequacy of a below grade protection system requires a complete investigation of a number of interrelated variables including: The presence or absence of ground water; soil ph levels; backfill materials planned for use; tamping practices; anticipated UV exposure; etc. We have not attempted to make such a determination."

Prices do not include sales and use tax. Terms are Net 30 Days. Prices are valid for 15 days from date of quote. Valmont Newmark Industries, Inc. Standard Terms and Conditions will apply. All quotations are subject to acceptance by Valmont Newmark Industries at time of order placement.

Sincerely,
KELLY WATT
Order Administrator
Phone: (316) 321-1201 ext: 207
Fax : (316) 321-4753
E-Mail: kelly.watt@valmont.com

AGREEMENT: This document ("Document") contains the standard terms and conditions of sale by Valmont-Newmark ("Supplier"), to Purchaser, of products, materials, other goods, equipment, operations, or services ("Product"). If this Document is a quotation, then the offer contained herein shall remain open for thirty (30) days from the date it was issued, unless otherwise specified, and Purchaser shall be deemed to have accepted the offer and terms and conditions contained herein upon the earlier of: (1) Purchaser's signature and return of this Document to Supplier by fax or any other means; (2) Supplier's receipt of any order or any other writing from Purchaser indicating Purchaser's acceptance and agreement to the terms hereof. Whether this Document is a quotation, an invoice, or otherwise, the terms and conditions of the parties' agreement shall consist solely of the terms and conditions contained on the front and back of this Document, together with any separate written agreement previously executed by both Purchaser and Supplier, any invoices generated in connection herewith, and any written addenda to the foregoing that are Signed by Purchaser and Supplier (all of which are hereinafter collectively referred to as the "Agreement"). Any additional or different terms contained in any order or other document submitted by Purchaser to Supplier shall be deemed rejected, unless expressly accepted in writing by Supplier. In no event shall Supplier's silence or failure to respond to any such additional or different terms be deemed to constitute acceptance or approval thereof. If this Document is a quotation, then failure of the Purchaser to reject these terms and conditions in writing upon the first to occur of the receipt of this or any other document from or on behalf of the Supplier containing these terms and conditions or the delivery of Product pursuant to the Agreement shall constitute final acceptance of the terms and conditions hereof. To the extent this invoice is in any way deemed to be an acceptance of an offer of the Purchaser, any such acceptance of the Supplier is expressly conditioned upon the consent of the Purchaser to the terms and conditions of the Agreement.

MODIFICATIONS: The Agreement may be modified or rescinded only in writing signed by duly authorized representatives of the parties. For any changes requested by Purchaser to the quantity or quality of the Product, Purchaser shall pay the Supplier a charge equal to the actual additional cost incurred by the Supplier as a result of such change plus a reasonable percentage of such actual cost for overhead and profit.

CANCELLATION: Orders accepting an offer from Supplier may be canceled only with Supplier's written consent and upon terms which will save Supplier from loss, including all out-of-pocket costs and lost profits.

LIMITED WARRANTY: Supplier warrants the Product to be free of material and workmanship defects for a period of one year from the date of shipment, but said warranty is limited to material and workmanship of the Product designed and manufactured by the Supplier. For any Product manufactured using items supplied by Purchaser or Purchaser's designs, Supplier makes no warranty concerning the design, fabrication, or manufacture of the items supplied. Such items shall carry only the respective designer's, fabricator's, or manufacturer's warranty, if any. For any Product manufactured or fabricated by Supplier according to specifications or designs provided by Purchaser or Purchaser's designs, Supplier makes no warranty concerning the adequacy or sufficiency of the specifications or designs themselves. No person has the authority to bind Supplier to any representation or warranty other than the foregoing limited warranties as disclosed.

All warranty claims alleging defects of materials or workmanship must be submitted in writing within thirty (30) days after the discovery of the defect or such claim shall be considered waived. Supplier will not accept Product returned to it for repair or replacement, unless Supplier is previously notified of the defect in writing and the return or correction is authorized by Supplier in writing. Any Product deemed by Supplier, in its sole discretion, to be defective in material or workmanship will be repaired or replaced, at Supplier's option, F.O.B. Supplier's plant.

Supplier's obligation to repair or replace any defective Product shall not include any obligation to reimburse the Purchaser for transportation, installation, removal, unauthorized repairs, or any other expenses that may be incurred by the Purchaser or others in relation to any Product defect.

The foregoing warranties shall not apply to any Product that has been subjected to misuse, neglect or accident, or has been altered or tampered with, or has been used beyond its normal useful or expected life, or which has had corrective work done thereon, without Supplier's written consent.

THE FOREGOING WARRANTIES ARE THE ONLY WARRANTIES GIVEN BY SUPPLIER, AND SUPPLIER HEREBY DISCLAIMS ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHETHER ARISING FROM STATUTE, COMMON LAW, CUSTOM, COURSE OF DEALING, USAGE OF TRADE, OR OTHERWISE. THE REMEDY OF REPAIR OR REPLACEMENT OF THE DEFECTIVE PRODUCT SET FORTH IN THE FOREGOING WARRANTIES SHALL BE THE EXCLUSIVE REMEDY AVAILABLE TO ANY PERSON. SUPPLIER SHALL NOT BE LIABLE FOR ANY LOSS, INJURY, EXPENSE, OR DAMAGE, WHETHER DIRECT, CONSEQUENTIAL, INCIDENTAL, OR OTHERWISE (INCLUDING LOST PROFITS), RESULTING FROM THE POSSESSION, INSTALLATION, ERECTION, START-UP, USE, MAINTENANCE, OPERATION, REMOVAL, OR RESALE OF SUPPLIER'S PRODUCT OR CAUSED BY ANY DEFECT, FAILURE, OR MALFUNCTION OF ANY PRODUCT, WHETHER A CLAIM FOR SUCH DAMAGES IS BASED UPON WARRANTY, CONTRACT, NEGLIGENCE, OR OTHERWISE.

LIMITATION OF ACTION: Any lawsuit based on or related in any way to the Agreement or the Product described therein must be commenced within two (2) years after delivery of the Product or other goods to the Purchaser or it shall be barred.

DELIVERY AND FREIGHT: Unless otherwise stated, delivery of Product will be made F.O.B. point of shipment, freight allowed. Shipping dates are approximate and are based on prompt receipt of all necessary information from the Purchaser. Inspection or testing required by the Purchaser will be considered as extending the shipping dates accordingly. Additional charges will be made for any Purchaser-specified packing method beyond those chosen by Supplier, unless included in price.

If both Supplier and Purchaser agree to delivery of Product F.O.B. destination, then the following additional provisions apply: (i) prices shall include freight, permits and escorts, if needed, to deliver poles from plant to job site, (ii) Purchaser shall be responsible for truck access to the offload point on a legal right-of-way, such that the truck can adequately travel to and from the destination under its own power, and (iii) Purchaser shall be responsible for all damage done to landscaping and grounds due to delivery.

PRICING: All prices are subject to change without advance notice except those shown on a specific quotation indicating the prices to be firm for thirty (30) days from the date of the quotation. For orders accepting offers made by Supplier, Purchaser agrees that if the contract documents or designs or the prices of raw materials change from that contained in the order, Supplier has a right to charge additional compensation for increased costs, including, without limitation, costs related to freight and raw materials, as well as for increased margin associated therewith.

RETURNS: Supplier will not accept returns for custom-made Product for any reason, provided that Supplier will accept returns made solely for repair or replacement under the foregoing express warranties, but only if Supplier has previously authorized said returns in writing. Standard (non-custom) Product may not be returned without the written consent of Supplier, and only upon the following conditions: (i) all returned Product must be in excellent and merchantable condition;

(ii) "Return Goods Authorization" labels, available from Supplier, must accompany the shipment; (iii) the outbound and return freight must be pre-paid; and (iv) the return is subject to a restocking charge of 45% of the then-current price.

RISK OF LOSS: Risk of Loss shall pass to Purchaser upon the earlier of (i) completion of the Product's manufacture, if shipment is delayed by Purchaser, (ii) delivery of the Product to the Purchaser in cases where shipment is F.O.B. destination, or (iii) delivery of the Product to the carrier in cases where shipment is collect or is F.O.B. point of shipment.

INSTALLATION: Purchaser shall be solely responsible at its cost for the installation and erection of the Product purchased. Although Supplier may, in some cases, provide a support person, data, manuals, instructions, designs, drawings or specifications to aid Purchaser with installation or start-up, SUPPLIER ASSUMES NO RESPONSIBILITY FOR PROPER INSTALLATION OR SUPPORT OF THE PRODUCT WHEN ERECTED AND DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO SUCH INSTALLATION OR SUPPORT, WHETHER OR NOT DATA, MANUALS, INSTRUCTIONS, DESIGNS, DRAWINGS OR SPECIFICATIONS ARE PROVIDED OR A SUPPORT PERSON AIDS IN THE INSTALLATION.

DELAYS: Supplier will deliver or ship with reasonable promptness, but shall not be liable for failure or delay in delivery due to acts of God, public enemy, riots, insurrections, orders bearing priority rating established pursuant to law, strikes, labor difficulties, differences with workmen, local labor shortages, fire, flood or other casualty, government regulations or requirements, shortages or failure of raw material, supplies, fuel, power or transportation, interruptions in transportation, or the act or default of the carrier or consignee, breakdown of equipment, or any other causes beyond Supplier's reasonable control, whether of similar or dissimilar nature than those enumerated.

SUPPLIER SHALL HAVE SUCH ADDITIONAL TIME WITHIN WHICH TO PERFORM AS MAY BE REASONABLE AND NECESSARY UNDER THE CIRCUMSTANCES. SUPPLIER SHALL NOT BE LIABLE TO PURCHASER FOR ANY DAMAGES ARISING FROM DELAYS, LOSS OF USE OR FOR OTHER DIRECT, INDIRECT, CONSEQUENTIAL OR SPECIAL DAMAGES OF ANY KIND WHATSOEVER. IN NO EVENT SHALL SUPPLIER BE LIABLE FOR ANY CONSEQUENTIAL DAMAGES OR CLAIMS FOR LABOR RESULTING FROM FAILURE OR DELAY IN DELIVERY.

CREDIT APPROVAL: All orders are subject to Supplier's approval of Purchaser's credit.

TERMS, INVOICES & PAYMENT: Payment terms are NET thirty (30) days from the date of Supplier's invoice, unless otherwise specified in the invoice or other applicable agreement. Invoices will be rendered upon delivery of each truck load to Purchaser. All payments shall be made to the "Remit to" location as stated on the Supplier's invoice. Supplier reserves the right to invoice, and Purchaser agrees to pay for, any or all material ready for shipment, together with expenses, costs, and losses associated therewith, whenever shipment is delayed pursuant to Purchaser's written instructions or for other reasons beyond Supplier's control.

TAXES: Any tax or other charge imposed by law on the sale of goods or the performance of services shall be paid by the Purchaser, unless the law specifically provides that such payment must be absorbed by Supplier. Purchaser shall inform the Supplier, in writing in advance, of such taxes or other charges imposed by state, municipal, or other law that are to be paid by the Supplier.

LATE CHARGE: A monthly late charge of 1.5% of the invoice amount or \$50, whichever is greater, will be assessed on all past-due amounts.

SECURITY FOR PAYMENT: To secure the payment of any and all amounts due Supplier under this Agreement or any other contract between the parties, Supplier retains and the Purchaser grants to Supplier a security interest in the Product purchased hereunder and agrees to execute and deliver to Supplier such financing statements and to take any other action necessary to perfect Supplier's security interest as Supplier may reasonably request.

DEFAULT OF PURCHASER: In the event that (i) Purchaser fails to pay any invoice when due; (ii) Purchaser breaches this Agreement or any other contract with Supplier or any of its affiliated companies; or (iii) Purchaser's financial strength becomes unsatisfactory to Supplier, Purchaser shall thereby be in default, and Supplier reserves the right, in its sole discretion, to do any one or more of the following: (i) cancel this Agreement and any work in progress, shipments, and pending orders without further notice; (ii) declare all sums owing from Purchaser to Supplier to be due and payable; (iii) require payment in advance of performance, in certified funds; (iv) foreclose any security interest; (v) require other security satisfactory to Supplier. The exercise of any right under this contract shall not bar Supplier from exercising its rights under the UCC or any other applicable law. The Purchaser waives any applicable statutory exemptions and shall pay all expenses incurred by Supplier in the collection of the amounts due under the Agreement, including attorney's fees.

PATENTS, TRADE SECRETS, PROPRIETARY RIGHTS & INTERESTS: Purchaser shall indemnify and defend Supplier against any loss, liability or expense resulting from a claim that any Product, or any part thereof, furnished by Purchaser hereunder infringes any patent, trade secret or other proprietary right or interest.

CONFIDENTIALITY: Purchaser shall employ all reasonable means to assure that material from Supplier which is labeled "privileged, confidential or proprietary" or with similar wording and which comes into Purchaser's possession as a result of this order shall not be disclosed without authorization to anyone other than employees of Purchaser with a need to know. At a minimum, Purchaser will employ the same procedures to ensure confidentiality as it uses for its own privileged, confidential or proprietary materials. Purchaser shall, at the end of the performance of the Agreement, return privileged, confidential or proprietary material to the owner or supplier of such material or, if requested by the owner or supplier, destroy such material.

MANUALS, DESIGNS, DRAWINGS AND SPECIFICATIONS: All manuals, instructions, designs, drawings or specifications related to the Product described in this order and the information contained therein contain proprietary information and may not be reproduced, transferred, or distributed or used in any manner unrelated to the equipment or other goods sold pursuant to this order by Purchaser without the prior consent of Supplier.

INDEMNIFICATION: Purchaser shall indemnify and hold Supplier harmless from all expenses (including attorney's fees), claims, demands, suits, judgments, actions, costs, and liabilities, which may arise from, relate to, or be connected with the Purchaser's possession, installation, erection, start-up, use, maintenance, operation, removal, or resale of the Product described herein and any manuals, instructions, designs, drawings or specifications related thereto.

GOVERNING LAW: All disputes relating to the execution, interpretation, construction, performance or enforcement of the rights and obligations of the parties hereto shall be governed by the laws of and resolved in the State and Federal courts in the State of Nebraska, and the parties hereby consent to venue in Omaha, Nebraska. All terms and conditions hereof shall be enforced and construed in accordance with the laws of the State of Nebraska. THE PURCHASER AND SUPPLIER EACH HEREBY WAIVE THEIR RIGHT TO A TRIAL BY JURY ON ANY CLAIM (INCLUDING COUNTERCLAIMS) ARISING WITH RESPECT TO THE GOODS PURCHASED HEREUNDER.



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with Valmont Newmark for

Nineteen Steel Poles With The Addition of
Four Feet of Ground Line Treatment

The amount of the purchase order to be SIXTY-FOUR THOUSAND NINETY AND 00/100 DOLLARS (\$64,090.00) plus tax and Valmont Newmark providing lowest responsible quote.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 25th day of August, 2009.

President

Secretary