

REVISED

FOR BOARD ACTION

Agenda Item #

4.a.

Meeting Date:

7/29/08

SUBJECT:

Consideration of Bids, Indoor Metalclad Switchgear
Revised 7/29/2008

PREPARED BY:

Neil Stiller
Sr. Electrical Engineer

Bids were opened on July 9, 2008 for one set of indoor metalclad switchgear. This equipment will be used at the Bamber Valley Substation to meet the growing electric requirements of that area. It is part of a budgeted project. Delivery of this equipment is scheduled for February, 2009.

Five bids were received. A bid tabulation is provided for Board review. Technical and commercial evaluation of bids was performed jointly by staff and RPU's consultant, Ulteig Engineers Inc. Evaluation of bids considered the following.

1. Base price for equipment plus adders
2. Completeness of proposal
3. Technical compliance with overall design and design details
4. RPU and/or Ulteig Engineers' experience with manufacturer
5. Bidder's experience in similar projects and similar equipment
6. Bidder's financial and credit condition
7. Factors affecting ease of maintenance, availability of service and spare parts
8. Warranties and other factors that may affect operating costs over 30+ year life of equipment

The low bid was submitted by Dakota Supply Group. This entity is an equipment distributor representing the manufacturer General Electric and the manufacturer's subcontractor Powell Industries.

Work is awarded to the lowest responsive and responsible bidder. The bidding documents inform the bidders of the evaluation criteria used to determine the award. Compliance to specification was closely reviewed, as well as indicators of the bidder's qualification and ability to delivery quality equipment on schedule. While all bidders took minor technical exceptions, none of the exceptions were considered key to the integrity and function of the equipment. However, the low bidder (Dakota Supply Group) failed to convince staff that they were both responsible and responsive.

Staff recommends the low bid be disqualified due to the following reasons:

- Incompleteness of proposal and lack of responsiveness to requests for clarifying information, both technical and commercial.
- Lack of proof of Dakota Supply Group's experience and performance in delivering comparable equipment on schedule.
- Remarks by RPU's consulting engineer of unsatisfactory project delivery performance by GE and their subcontractor Powell Industries.


General Manager

7-29-08
Date

FOR BOARD ACTION

Agenda Item # 4.a.

Meeting Date:

7/29/08

- After submitting the proposal, the manufacturer revised their delivery date to a later date. This is unacceptable for the project schedule.
- No definitive answers provided concerning which entity of the three involved in the Dakota Supply Group's bid will be responsible for warranty and post-warranty support.

The runner-up bidder, Eaton Electrical Incorporate, has proposed acceptable material and delivery schedule, and has been responsive to questions and requests for clarification. Ulteig Engineers has provided a letter recommending Eaton Electrical Group's bid to be selected. A copy of this letter is provided for Board review.

The Deputy City Attorney has reviewed staff's recommendations.

UTILITY BOARD ACTION REQUIRED:

Staff recommends the Utility Board reject the bid submitted by Dakota Supply Group for failure to meet bid specifications. Staff further recommends the Utility Board request Common Council approval of a purchase order agreement with Eaton Electrical Incorporated for \$350,534.00.

General Manager

Date

Bid Tabulation, Bamber Valley Bus 2 Switchgear

		Dakota Supply Group - GE		Eaton Electrical Inc.		Siemens Power T & D		Square D		Pederson Power Products	
	Price	Base Bid	Alternate	Base Bid	Alternate	Base Bid	Alternate	Base Bid	Alternate	Base Bid	Alternate
		750 MVA Rating	500 MVA Rating	750 MVA Rating	500 MVA Rating	750 MVA Rating	500 MVA Rating	750 MVA Rating	500 MVA Rating	750 MVA Rating	500 MVA Rating
1	Switchgear Base Price	\$259,300	\$254,600	\$295,840	\$288,060	313,413	312,477	332,007	302,793	332,558	326,000
2	One Spare 1200 A Breaker	10,700	8,500	11,076	9,733	6,886	6,797	14,395	11,020	11,952	9,792
3	15 kV Bus Duct	61,270	61,270	52,699	52,699	46,221	46,221	68,191	53,564	74,834	74,834
4	Option 1 - Complete Assembly in Unit 13	14,900	13,100	22,479	21,067	19,703	20,259	26,666	22,950	31,346	29,206
5	Sum	320,570	315,870	348,539	340,759	359,634	358,698	400,198	356,357	407,392	400,834
6											
7	Adders										
8	FOB project site (2% adder)	\$6,411	\$6,317								
9	2-year Warranty as specified (2% adder)	6,411	6,317								
10	Inability to provide additional info.	5,000	5,000								
11	Paper copies	2,250	2,250								
12	Startup Spares (recommended)	600	600								
13	Paint										
14	Factory testing - Megger test insulation	2,500	2,500								
15	Factory test reports (certified) - CT's (\$35/CT)	1,365	1,365								
16	Extra materials (small hardware, phase bar splice connectors, touch-up paint, trip & close coils, spring charge motor)	1,160	1,160								
17	Roll-in capable breakers	189	189								
18	Two (2) standalone analogue KW/KVAR meters	4,000	4,000	1,995	1,995						
19											
20	Total Price with Adders	\$350,457	\$345,569	\$350,534	\$342,754	\$359,634	\$358,698	\$407,513	\$356,357	\$407,392	\$400,834
21	Price Difference to Low Bid	Least Cost	\$2,815	\$77	Least Cost	\$9,177	\$15,944	\$57,056	\$13,603	\$56,935	\$58,080
22											
23	Design										
24	13.8 KV	Yes		Yes		Yes		Yes		Yes	
25	2000 A	Yes		Yes		Yes		Yes		Yes	
26	95 KV BIL	Not specified		Not Specified		Yes		Yes		Yes	
27	Fault Rating	Not specified		36 kA		58 kA		36 kA		36 kA	
28	Close and Latch Capacity	63 kA Peak		58 kA		58 kA		58 kA		58 kA	
29											
30	Other Comparisons										
31	Performance Bond	N/A		Included		N/A		N/A		N/A	
32	Buyer Inspection	N/A		\$500/day		N/A		Not specified		Not specified	
33	Startup and commissioning/Field Assistance	Not provided		\$6,480		Not provided		\$1,300/day		Std. Rates	
34	Delayed shipping price	1.5%/month		1%/month		1.2%/month		Not specified		Not specified	
35	Delayed shipping price (storage)	1.5%/month		1.5%/month		1.5%/month		Not specified		Not specified	
36	Valid Pricing	60 days		45 days		30 days		90 days		30 days	
37	Issue of Approval Drawings	6-8 weeks		9-11 weeks		6 weeks		6-8 weeks		Not specified	
38	Design Approval	4 weeks		2 weeks		2 weeks		2-4 weeks		Not specified	
39	Delivery	20-22 weeks		22-24 weeks		25 weeks		23 weeks		48 weeks	
40	Warranty (after energization - 18 month required)	12 mos		2 years		12 mos		Not specified		18 mos	
41	Warranty (after ship - 24 month required)	18 mos		2 years		18 mos		Not specified		24 mos	
42	2-year Warranty	2% price		Included		N/A		N/A		N/A	
43	3-year Warranty	3% price		N/A		N/A		N/A		N/A	



3350 38th Ave. S.
Fargo, ND 58103
Tel: 701-281-8500
Fax: 701-281-4191
www.ulteig.com

July 28, 2008

Rochester Public Utilities
4000 East River Road NE
Rochester, MN 55906-2813
Attn: Neil Stiller

SUBJECT: Bamber Valley Substation
15 kV Indoor Metalclad Switchgear Bid Evaluation
Ulteig Project #207.1220

Dear Mr. Stiller:

Ulteig has reviewed proposals from Eaton Electrical Group (Neg# MP630606C803 Alt#0001) and Dakota Supply Group, representing GE (Prop # 6D8-195OJVQ / 74932-700JS) for 15 kV indoor metalclad switchgear for the Bamber Valley Substation switchgear project. Bids from Siemens, Square D, and Pedersen Power Products were received but not fully evaluated due to the relative position of their bids.

Below is a summary of Ulteig's comments and recommendation:

Delivery

Eaton quoted prices for FOB project site as instructed in the specification, and DSG's bid included an adder of 2% for FOB project site.

Delivery dates included in the GE and Eaton proposals were based on standard factory estimates and were not clear in the original proposals. Subsequent clarifications with each vendor produced delivery dates of March 25, 2009 from Eaton (if bid is awarded by August 7) and April 10, 2009 from GE.

Alternate Bid

Each vendor was required to submit bids for 500 MVA and 750 MVA rated switchgear. Due to the closeness of cost between the two alternates throughout all



3550 38th Ave. S.
 Fargo, ND 58104
 Tel 701 250-3660
 Fax 701 250-3191
 www.ulteig.com

bids, (approximately 2%), Ulteig was given instructions to evaluate the 750 MVA rated products.

Evaluated Bid

The lowest evaluated bid was by GE followed by Eaton. The base price includes all switchgear units (750 MVA), one spare 15kV circuit breaker, all 15kV bus duct and complete assembly of Unit 13. The adder includes FOB project site, field measurements, paper copies of instruction manuals, factory tests, extra/spare material and transducers. For a complete list of adders and breakdown of costs, refer to the Bid Tabulation spreadsheet included with this letter.

750 MVA units	<u>General Electric</u>	<u>Eaton</u>	
Base Price	\$320,570	\$348,539	Changes made to reflect bid tab. K. Wilson 7-29-08
Adders	\$23,475 29,886	\$0 1,995	
Total Evaluated Bid	\$344,045 350,457	\$348,539 350,534	

Exceptions to the Technical Specification

Both GE and Eaton equipment met the technical specifications.

Other comments and observations

GE recently began subcontracting the manufacture of their switchgear from a third party, Powells Inc. They failed to provide documentation listing at least 200 of their third party units which were constructed and delivered to clients in the U.S.A in the past 5 years under present management. A user's list was also not included in their bid package even after several requests were made for them to produce one.

Dakota Supply Group's proposal was not complete and their (DSG and GE) responsiveness to providing the missing information and providing clarification to several questions was slow and likewise incomplete in some areas.

Information was not provided by GE regarding who would support the terms and conditions of warranty and service of the switchgear if needed.



1540 38th Ave. S.
Fargo, ND 58104
Tel: 701.250.8500
Fax: 701.250.3191
www.ulteig.com

DSG's proposal contained their standard delivery time, but then revised their actual delivery schedule one month longer.

Recommendation

Ulteig recommends that **Eaton Electrical Group** be awarded the purchase order for the switchgear based on a more favorable delivery date, and due to Dakota Supply Group's bid irregularities and poor responsiveness to further inquiries regarding their proposal.

Sincerely,

A handwritten signature in cursive script that reads "Robert Nundahl".

Robert Nundahl, PE
Project Engineer

c: Bob Ledebuhr, RPU

Enclosures



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota to reject the bid submitted by Dakota Supply Group for failure to meet bid specifications.

BE IT FURTHER RESOLVED by the Public Utility Board that the Common Council of the said City is requested to approve a purchase order agreement with Eaton Electrical Incorporated for

Indoor Metalclad Switchgear

The amount of the purchase order to be THREE HUNDRED FIFTY THOUSAND FIVE HUNDRED THIRTY-FOUR AND 00/100 DOLLARS (\$350,534.00) and Eaton Electrical Incorporated being lowest responsible bidder.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 29th day of July, 2008.

President

Secretary