



MEETING AGENDA – MAY 12, 2016

BOARD ROOM  
4000 EAST RIVER ROAD NE  
ROCHESTER, MN 55906

4:00 PM

**I. Call to Order**

**II. Consideration of Bids**

1. Power Transformers

Resolution: Power Transformers

**III. Adjourn**

Board Study Session immediately following meeting.

*The agenda and board packet for Utility Board meetings are available on-line at [www.rpu.org](http://www.rpu.org) and <http://rochestercitymn.iqm2.com/Citizens/Default.aspx>*

## FOR BOARD ACTION

Agenda Item # (ID # 5469)

Meeting Date: 5/12/2016

**SUBJECT: Power Transformers**

**PREPARED BY: Neil Stiller**

**ITEM DESCRIPTION:**

Three bids were received on April 13, 2016 for two 15 MVA outdoor power transformers and one 20 MVA outdoor power transformer. These transformers will be used at the Douglas Trail and Cascade Creek Substations to meet the growing electric requirements of the city. The transformers for the Douglas Trail substation are expected to be delivered in December, 2016 while the Cascade Creek transformer will be delivered in December, 2017. Both are part of the five year capital budget. Price evaluation was performed by staff and considers life cycle costs on guaranteed electrical losses over 20 years along with conformance to the specifications. This contract allows for prices to be escalated and de-escalated based upon the price of copper, oil and steel.

Evaluated bids are below:

Vendor	Loss Evaluated Bid	Bid Submittal
ABB Inc.	\$2,733,479	\$2,110,425
Delta Star Transformers Inc.	\$3,282,046	\$2,565,306
MC Sales-SPX/Waukesha	\$3,375,486	\$2,667,741

After final technical and business evaluation was completed, the lowest evaluated bidder, ABB Inc., proposed transformers which meet the specification. Evaluation was performed by Greg Anderson & Associates, Ulteig Engineers Inc., and staff.

While the Douglas Trail transformers were budgeted in the 2016 budget, the Cascade Creek transformer was planned to be approved as part of the 2017 budget. Recognizing low commodity prices for metals and oil, along with a multi-unit order, total pricing came in approximately \$1,000,000 under budget. For these reasons staff would recommend moving forward with the additional Cascade Creek unit at this time and seek City Council approval for purchase of that unit rather than rebidding a single unit next year.

**UTILITY BOARD ACTION REQUESTED:**

Staff recommends the board accept the bid from ABB Inc. For the Douglas Trail and Cascade Creek transformers and approve a resolution to enter into a contract in an amount not to exceed \$2,110,425, plus applicable tax, escalation/de escalation and recommends seeking

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Council approval in an amount not to exceed \$765,615, plus applicable tax, escalation/de escalation for the third transformer originally planned in 2017.



## RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order with ABB Inc. and request Common Council approval of the third transformer for:

Power Transformers

The amount of the purchase order not to exceed TWO MILLION, ONE HUNDRED TEN THOUSAND, FOUR HUNDRED TWENTY FIVE AND 00/100 DOLLARS (\$2,110,425.00), plus applicable tax, subject to escalation and de-escalation.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 12th day of May, 2016.

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President

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Secretary