



January 5, 2026

City of Gladstone, MI – Electrical Department
Attn: James Olson (Electrical Superintendent)
10 North 11th Street
Gladstone, MI 49837

Subject: North Bluff Substation – Transformers Bid Award Recommendations

Dear Mr. Olson,

I am sending you this letter with the recommendation for awarding the transformers bid for the North Bluff Substation upgrade project.

Bids were received on Wednesday, December 3rd, 2025, for two (2) 7.5/9.375//10.5 MVA, 69 kV Delta primary, 13.09Y/7.56 kV secondary rated transformers. Bid prices to furnish and deliver these two transformers ranged in price from approximately \$1,352,900 to \$1,847,800. It should be noted that only one bid was received on time; this has been recorded on the bid tabulation and evaluation which are attached for reference.

I recommend that the City of Gladstone, MI award the transformer bid to Virginia Transformer (VTC) based on the lowest responsible evaluated base bid in the amount of \$1,352,900. Please note that VTC's proposed payment terms are 90% of the base bid price upon delivery of the transformers and the remaining 10% due after offloading of the transformers to the jobsite.

The total contract amount will be **\$1,366,900**. This includes the transformer(s) with five-year warranty (\$1,302,900), estimated shipping costs (\$50,000 pre-paid & add), and VTC's recommended spare parts list (\$14,000). Please note that the City of Gladstone will need to present VTC with their tax-exemption certification immediately during the contract signing process in order to avoid paying sales tax or additional fees.

The contract cost of \$1,366,900 is above the budgeted amount of \$1,200,000 for the transformer(s) (approximately \$167,000 over the original budget). Current supply chain constraints, manufacturer plant loading, and other inflationary pressures have caused increased commodity pricing of steel, copper, oil, etc. There is a \$196,000 contingency budget within the overall project and this overage still fits within that contingency.

Delivery of the transformers is anticipated approximately March 2027.

Once we hear back from the City of Gladstone if there is approval of the recommendation of purchase, PSE can assist in notifying bidders of the bid results and assisting with contract paperwork with the awarded bidder. In the meantime, please contact me with any questions or comments.

Sincerely,

A handwritten signature in black ink that reads "Seth Packwood". The signature is written in a cursive, flowing style.

Seth Packwood, P.E.
Manager, Substation Engineering & Design
Power System Engineering, Inc.

Cc: Dave Mattias | Gladstone, MI
Brett Niemi | WPPI
Chris Chartier | WPPI
Aseem Kumar | PSE
Maria Hernandez | PSE

Attachments: Gladstone North Bluff Sub TRANSFORMER Bid Tabulation.pdf
Gladstone North Bluff Sub TRANSFORMER Bid Evaluation.pdf
VTC Proposal M254401A.pdf