

**ROCHELLE CITY COUNCIL  
AGENDA ITEM MEMO  
REGULAR MEETING**

**SUBJECT:** Rte. 38 Substation Transformer Purchase Recommendation

**Staff Contact:** Blake Toliver, Superintendent of Electric Operations

**Summary:** The City received and opened bids on December 05, 2023 for the power transformer purchase, a part of the Rte. 38 Substation project. A total of two (2) bids were received and have been reviewed for completeness and ability to meet specification requirements.

Bidder Total Bid Price	Lead Time
Virginia \$1,561,344.00	60 weeks
WEG \$2,047,300.00	56 weeks

The bids were evaluated on a 20-year life cycle, considering purchase price and cost to operate. The Virginia unit was the most economical option. However, when selecting a long-life product, price is not always the only thing to consider. The industry quality recognition of the units aligns with the price, with WEG being the best. That said, we have done many projects with Virginia. VTC has a good list of reference completed projects. The company appears to be in good standing and employs certified and trained craftsmen.

The low bid is over the Engineer’s estimate of \$1,500,000 for the contract. Unfortunately, electric utility materials continue to increase rapidly. The city does need to expand their system with this Rte. 38 substation, and we do not see pricing come down anytime soon. Therefore, it is the recommendation of BHMG to award the project to Virginia Transformer on a price basis, or WEG if based on industry recognition and assumed quality, for the supply of the transformer.

It is my recommendation that we proceed with WEG transformers. We have a standing relationship with WEG and have been thoroughly impressed with their product. This also makes service of our units more standardized as all units have the same components.

**Funding Sources:**

Source:	Budgeted Amount:	Proposed Expenditure:
Electric Funds	\$11,900,000	\$2,047,300

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**Strategic Plan Goal Application:** Infrastructure Effectiveness & Improvement.

**Recommendation:** Award the Rte. 38 Substation Transformer Purchase to WEG in the amount of \$2,047,000.00