



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Approve Sale of Surplus Transformer-Regulator

MEETING DATE: January 6, 1993

SUBMITTED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt the attached resolution accepting the offer by U.S. Transformer, Jordan, MN, to purchase the surplus transformer-regulator combination at McLane Substation for \$28,000 as is and where is.

BACKGROUND INFORMATION: The replacement of the failing McLane Substation #1 Bank transformer-regulator combination with a new power transformer having load tap changing equipment has been determined to be the most economical solution. Funds for this replacement were included in the 1992-93 fiscal year budget. The power transformer has been bid and a contract awarded on September 16, 1992. The new unit is scheduled to arrive in Lodi, approximately April 1, 1993.

To facilitate the replacement, the Department must have the existing transformer-regulator combination removed from the pad at the latest by February 1, 1993, at an estimated cost of \$5,000 and have a new pad constructed by the April 1 arrival date. It was anticipated to place the removed transformer-regulator in storage within the substation for subsequent sale as surplus material provided a purchaser could be located and willing to purchase for the scrap value of \$10,000-\$12,000. This type of bulky, oil-filled, heavy (90,000+ lbs.) and custom-made equipment, particularly when in a failing mode, does not attract purchasers.

On December 1, 1992, U.S. Transformer made an inquiry to the Department to determine if the City had any equipment for sale of a type that U.S. Transformer currently was trying to locate. Upon learning of the specific type, model, configuration, etc., of the equipment the City is about to surplus, U.S. Transformer made an offer of \$28,000 for the equipment, as is and where is, including removal prior to February 1, 1993.

APPROVED

THOMAS A. PETERSON
City Manager



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January 6, 1993
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The above recommendation is presented for Council's approval based on the facts that 1) an extremely limited field of potential purchasers exist for this type of equipment (only one known), 2) the offer substantially exceeds the salvage value and 3) savings accrue to the City by avoiding the relocation and storage costs (\$5,000) as well as future costs associated with handling and disposal.

FUNDING: Not Applicable.



Henry J. Rice
Electric Utility Director

Prepared by: Hans Hansen
Assist. Electric Utility Director

c: City Attorney
Purchasing Officer

RESOLUTION NO. 93-09

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A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING THE SALE OF SURPLUS TRANSFORMER-REGULATOR

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WHEREAS, the Electric Utility Department is replacing failing equipment, resulting in a surplus transformer-regulator combination at McLane Substation; and

WHEREAS, U. S. Transformer, Jordan, MN has offered to purchase said equipment for \$28,000, as is and where is, including removal prior to February 1, 1993; and

WHEREAS, 1) an extremely limited field of potential purchasers exist for this type of equipment (only one known), 2) the offer substantially exceeds the salvage value and 3) savings accrue to the City by avoiding the relocation and storage costs (\$5,000) as well as future costs associated with handling and disposal;

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby approves the sale and accepts the offer by U. S. Transformer, Jordan, MN to purchase the surplus transformer-regulator combination at McLane Substation for \$28,000 as is and where is.

Dated: January 5, 1993

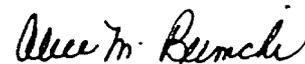
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I hereby certify that Resolution No. 93-09 was passed and adopted by the Lodi City Council in a regular meeting held January 6, 1993 by the following vote:

Ayes: Council Members - Davenport, Mann, Sieglock, Snider
and Pennino (Mayor)

Noes: Council Members - None

Absent: Council Members - None


Alice M. Reimche
City Clerk

93-09

RES9309/TXTA.02J