



Approval Status

Approved

Procurement/Contracting/P-Card Policy Exception Request Form

Select exception type:

Procurement

Reason for procurement exception:

Urgent Operational Need

Enter a brief description of your exception request:

Electric is looking to purchase a large 3 phase 2500 KVA transformer from a vendor outside of contract 190961 currently with Gresco. Gresco has informed Ocala that that size unit has a placeholder of 156 Weeks, with no guarantee of slot availability from the manufacture. Gresco is currently sourcing other manufacturers for units 2000kva and larger. Due to the extreme lead-time and uncertainty of the Gresco units, Electric does not have the option to wait. With the commodities shortage still in effect, Electric does not want to risk availability and not be able to obtain a unit for a major Electric customer with future construction projects. Electric has located a unit through Irby that meets the needs and specifications of The City. They are requesting the opportunity to purchase this unit at the cost of \$116,750.00. That accessed the current contract 1st quart pricing at \$69,647.39. Per the vendor, "The unit RJO544 is in the last stage, almost ready to ship and puts 4-6 weeks lead-time, to give a buffer for the cross-country transit."

Warehouse needs to know if this can be purchased under contract 190961 or if it needs a contract of its own and if it will need to go to Council for approval.

Please see updated request with vendor quoting and justification for the emergency request.

Ocala Electric works closely with the Ocala Metro Chamber & Economic Partnership (CEP) in assessing potential development sites that could secure new economic development (jobs, tax revenue, synergistic development...) within the City and Marion County. Recently, the CEP contacted Electric on several occasions to confirm our ability to serve potential large-power developments. In some cases these would be increasing the electric service capacity at an existing shell building, which could allow for an immediate investment and rapid build-out to commence operations. Other cases are "green field" sites that could require additional electric infrastructure and capacity enhancements. OEU strongly desires to support these potential new economic development opportunities through whatever flexibility and opportunity we can utilize.

Based on these discussions with the CEP, it appears we have several VERY large load projects that appear to be coming together within the next year or two, so we want to secure additional large distribution transformers now. Due to the current extreme three-year lead time and delivery uncertainty of the largest transformers we currently purchase through our existing contract with Gresco, we do not have the option to wait. This is the basis for Electric's request to move forward immediately with purchasing an available 2500kVA-277/480V/3ph transformer from Irby. If we miss this opportunity, then we could be very likely risking a major Electric customer not being able to complete their construction on time, which would have an even greater impact on their business (and an Ocala economic development opportunity).

Ocala Electric has reviewed the transformer specification provided by Irby and it is approved for us to use. ProLec (represented by Irby) is an approved manufacturer for this transformer classification in Electric's material standards.

Attach all documents related to the exception that can assist the Contracting Officer's decision.

-  Jake Rudisill Quote Q-Oil-Y-Z... .xlsx
-  Jake Rudisill Request.pdf
-  Wesco Hitachi QT-24-009480... .pdf
-  Wesco Request.pdf
-  1st QTR 2024 Pricing.xlsx
-  Irby Quote S013918124-0001... .pdf
-  Ocala-Gresco Letter FINAL.pdf
-  RJO544B801 Drawing.pdf
-  RJO544C0A Drawing.pdf
-  Request RH.pdf
-  Response Irby.pdf

Department

(WHS) WAREHOUSE

Requestor Name

MARY ANN ST. LAURENT

Requestor Email mstlaurent@ocalafl.gov

Phone number (352) 351-6705

Courtesy Copy Email 1 RHahn@Ocalafl.gov

Courtesy Copy Email 2 DPeebles@ocalafl.gov

Who authorized requesting this exception? MARY ANN ST. LAURENT

Approval Activity History

Actor	Actions	Date
 Notification	Approval request sent to group approval: Require response from one person To: drobinson@ocalafl.org,SJRoberts@ocalafl.org	Thursday, March 28, 2024
 Daphne Robinson drobinson@ocalafl.org	<div style="border: 1px solid #ccc; background-color: #e6f2ff; padding: 5px; margin-bottom: 10px;">Need Additional Information</div> Emergency/Critical procurements require competitive quoting from at least two prospective vendors. This information will have to be maintained in the contract file. Please amend this request to include pricing and lead time information from at least two prospective vendors.  Approval	Tuesday, April 2, 2024
 Group Approval	<div style="border: 1px solid #ccc; background-color: #e6f2ff; padding: 5px; margin-bottom: 10px;">Need Additional Information</div>	Tuesday, April 2, 2024
 Notification	Email sent. (Your policy exception requires additional information for consideration.) RHahn@Ocalafl.gov,CLynch@Ocalafl.gov	Tuesday, April 2, 2024
 Notification	Email sent. (Your policy exception requires additional information for consideration.) mstlaurent@ocalafl.gov,mbrooker@Ocalafl.org,plewis@Ocalafl.org,SJRoberts@Ocalafl.org,drobinson@ocalafl.org,APresley@ocalafl.gov	Tuesday, April 2, 2024
 Notification	Approval request sent to group approval: Require response from one person To: drobinson@ocalafl.org,SJRoberts@ocalafl.org	Wednesday, April 10, 2024

Actor	Actions	Date
 <p data-bbox="220 208 357 416">Daphne Robinson drobinson@ocalafl.org</p>	<p data-bbox="416 208 571 271">Approve</p> <p data-bbox="416 293 1267 891">After a competitive solicitation, the City of Ocala awarded a three-year contract (ELE/190961) for the supply and delivery of ester oil filled single and three-phase transformers to Gesco Supply Company on March 17, 2020. ELE/190961 is currently in the second and final one-year renewal term and will expire on March 2, 2025. Since the City’s original contract award, pricing increases, increases in demand, transformer shortages, long lead times and increased storm activity have led to volatility in the marketplace. The City of Ocala has also experienced unprecedented growth with an increase in the number of large-scale development projects requiring transformers. These factors have made it increasingly difficult for the City to timely acquire the transformers required to maintain adequate stock levels to adequately meet the needs of its citizens.</p> <p data-bbox="416 1037 1257 1592">Ocala Electric Utility (OEU) was contacted by the Ocala/Marion County Chamber and Economic Partnership (CEP) to verify its availability to serve multiple potential large-power developments to include increasing electric service capacity at existing buildings and green field sites that would require additional electric infrastructure and capacity enhancements. Per OEU, these projects will be coming together within the next 12 to 24 months and, in light of the volatility of the transformer market and long lead times for large load transformers, the distribution of large load transformers must be secured now in order to ensure the City’s ability to meet the needs of these economic developments. Economic developments of this type would bring substantial tax revenue and other benefits to the City of Ocala.</p> <p data-bbox="416 1738 1267 2074">Under the City’s existing transformer contract with Gresco, 3 phase pad mount 2000 kVA and above transformers are currently \$69,647.36, but will not be available for 156 weeks (3 Years), with no guarantee of slot availability from Ermco (the manufacturer). Additional competitive quotes were obtained by Warehouse staff from Jake Rudisill Associates and Wesco for 2000 kVA and 2500 kVA units from JST Power Equipment and Hitachi Energy with the following results:</p>	<p data-bbox="1326 185 1453 282">Wednesd ay, April 10, 2024</p>

JST Power Equipment:

2000 kVA Model Price and Lead Time – \$87,756 - 32 Weeks (8 Months)

2500 kVA Model Price and Lead Time – \$102,566 - 32 Weeks (8 Months)

Hitachi Energy USA Inc:

2500 kVA Model Price and Lead Time - \$159,905 – 156-158 Weeks (3 Years Two Weeks)

On March 27, 2024, Irby Utilities advised that a ProLec 2500 kVA transformer was nearing completion and would be available to ship within 4-6 weeks at a cost of \$163,750. OEU has submitted this exception to procure the Irby unit on the basis of critical purchase without formal competition.

Procurement Policy PRO-050 requires formal, sealed bids for purchases greater than \$50,000. Procurement Policy PRO-060 grants the City Manager the authority to authorize purchases greater than \$50,000 without competitive bid where the purchase qualifies as an “emergency or critical purchase.” A purchase is deemed to be an “emergency or critical purchase” where following the standard procurement process will: (1) cause a disruption of essential operations; (2) interfere in the City’s ability to protect and preserve public properties; (3) cause a threat to public health, welfare or safety; or (4) create a significant loss to the City by loss of public funding, grant funding, or the loss of desirable business development. Such purchases shall be exempted from the requirements of the competitive bidding process, but competitive formal quoting should be used whenever possible. The purchase must be calendared as an agenda item at the next available Council meeting.

Based on the foregoing information and documents attached hereto, the Contracting Officer approves the purchase of the ProLec 2500 kVA transformer from Irby as a critical purchase on the grounds that failure to do so would lead to the loss of desirable business development for the City of Ocala. In compliance with PRO-060, pricing information has been obtained

	<p>from at least two prospective vendors (JST Power Equipment and Hitachi Energy) and when viewed in juxtapose with the extremely long lead times of less expensive comparable units, the procurement of the Irby unit from ProLec constitutes best value for the City. These findings were reviewed with Chief Financial Officer, Janice Mitchell, and Chief of Staff, Chris Watt, who authorized the purchase.</p> <p>IN COMPLIANCE WITH PRO-060, PLEASE CALENDAR THIS PURCHASE AS AN INFORMATIONAL ITEM ON THE NEXT AVAILABLE COUNCIL MEETING AND PROCEED WITH ISSUING A REQUISITION SO THAT A PURCHASE ORDER WITH THE CITY TERMS AND CONDITONS CAN BE GENRATED FOR THE PURCHASE. PLEASE ENSURE THAT A COPY OF THIS EXCEPTION APPROVAL IS INCLUDED WITH THE REQUISITION AND MAINTAINED IN MUNIS.</p> <p> Approval</p>	
 Group Approval		<p>Wednesd ay, April 10, 2024</p>
 Notificatio n	<p>Email sent. (Your policy exception has been approved.) RHahn@Ocalafl.gov,DPeebles@ocalafl.gov</p>	<p>Wednesd ay, April 10, 2024</p>
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