



Legislation Text

File #: 18-379, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Change Order #1 to fund years two and three of Contract 17-119, Spot Purchases of Single Phase and Three-Phase Transformers, to CG Power Systems USA, Inc., Graybar Electric Company, Power Line Supply, RESCO, Universal Utility Supply Co, and WESCO for an amount not to exceed \$1,520,000 and a total award of \$2,215,993

DEPARTMENT: Electric Utility

SUBMITTED BY: Mark Curran, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The Electric Utility purchases distribution transformers, which are inventoried at the Electric Service Center. The transformers are used for new development as well as replacement for damaged, faulty or undersized units.

The Electric Utility solicits price quotations from the shortlisted, pre-qualified vendors for each purchase. Currently in the industry, transformers are ordered and the price is adjusted at the time of shipment based on then-current material costs. Staff negotiated with the vendors to hold quoted prices for seven business days instead of pricing materials at the time of shipment. The seven-day hold on pricing with the vendors for spot purchases allows staff enough time to solicit quotations from all qualified bidders, evaluate all cost proposals received, and place an order with the lowest qualified vendor. This procurement method provides staff greater control of material costs for the City.

DISCUSSION:

On July 18, 2017, City Council awarded Contract 17-119, in the amount of \$695,993 for the first year of the three-year contracted term from July 18, 2017 through July 17, 2020.

Funding for years two and three were not included in the original award amount to allow the Utility to better coordinate the amounts budgeted in the fiscal capital plan with the current year spending authorization, which spans multiple budget years. The effects of the current utility rate plan, and the transition by the City from fiscal budgeting based on a May start of budget to a January start of budget were somewhat unknown when the original contract and spending authorization were submitted.

This change order is requested to fund the second and third years of the three-year term on Contract 17-119. The requested amount is based on the recent Utility spending requirements for distribution

transformers over the last two years.

FISCAL IMPACT:

CIP# EU65 - Electric Distribution Transformer Purchases

The costs associated with these contracts are budgeted in the infrastructure account listed below. The contract term crosses multiple budget years. The budgeted total for 2018 is \$600,000. The remaining dollars in the award will be budgeted for in 2019 and 2020 to complete the contract term.

Account Number	Fund Description	Available Funds
40251300-551502	Electric Utility Fund	\$10,612,000