



Legislation Text

File #: 21-0804, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Option Year Two to 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 \$1,210,157

DEPARTMENT: Electric Utility

SUBMITTED BY: Brian Groth, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

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

On July 18, 2017, the City Council awarded Contract 17-119 to CG Power Systems USA, Inc., Graybar Electric Company, Power Line Supply, RESCO, Universal Utility Supply Co., and WESCO for a three-year term from July 18, 2017 to July 17, 2020, with two, one-year options to extend.

The Utility solicits price quotations from the shortlisted, pre-qualified vendors prior to 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, taking into consideration also delivery schedule. This procurement method provides staff greater control of material costs for the City.

During the original term and the first option year, each vendor responded timely to quote requests and provided professional, on-time deliveries. Based on this, the Utility recommends extending the contract for the second and final option year. Each vendor has agreed to maintain the term provided for under the contract.

DISCUSSION:

This request is to fund the second option year of Contract 17-119. The requested amount is based on the recent Utility spending requirements and recent pricing for distribution transformers, forecasts for what will be needed over the next year, and to build inventory due to delivery delays experienced

in the last 12 months due to the COVID pandemic and supply chain shortages.

The final term will be from July 18, 2021 to July 17, 2022 with no options to extend. The Utility plans to resolicit for the same services and create a pool of qualified respondents at the expiration of the proposed extension period.

FISCAL IMPACT:

CIP# EU65 - Electric Distribution Transformer Purchases

Transformer Purchases are expensed to the Operating Supplies account listed below. A total of \$650,000 was budgeted for this expense in 2021. The requested award is within the budgeted amount for this expense, and any remaining funds will be budgeted appropriately in 2022.

Account Number	Fund Description	Available Funds
40101300-541407	Electric Utility	\$3,500,150