



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement

DCM: David Gaines

DATE: June 28, 2022

SUBJECT

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the approval of a first amendment to a contract between the City of Denton and Techline, Inc., amending the contract approved by City Council on September 18, 2018, in the not-to-exceed amount of \$11,000,000.00; said first amendment to continue to provide overhead and underground transformers for Denton Municipal Electric; providing for the expenditure of funds therefor; and providing an effective date (IFB 6778 – providing for an additional first amendment expenditure amount not-to-exceed \$2,750,000.00, with the total contract amount not-to-exceed \$13,750,000.00). The Public Utilities Board recommends approval (5 – 0).

INFORMATION/BACKGROUND

In 2018, Denton Municipal Electric (DME) solicited IFB 6778 to supply overhead and underground distribution transformers. DME utilizes single- and three-phase transformers, in overhead or underground configurations, to provide electric distribution service to new customers as well as replacements for existing transformers that could be identified as failed or overloaded. The transformers are stocked at DME's Distribution Center and used as needed.

Transformers ordered by DME are purchased based on varied electrical demands and secondary voltages as outlined in DME's *Tariffs and Electric Service Standards* and *Electric Service Standards*. In order to allow the City to capitalize and depreciate transformers upon receipt, these items are purchased using DME's capital accounts instead of the Distribution Center Working Capital account.

Due to supply chain issues impacting virtually all manufacturers, lead times have been significantly extended to as much as 62 weeks. This amendment is needed to ensure DME has adequate inventory to meet customer demand. DME will solicit a new IFB for overhead and underground transformers that will avoid additional amendments to this contract. The additional funding will help finish out the remainder of the contract and enable DME to meet new service requests and replacement needs associated with providing reliable electrical service to customers. DME is requesting the 25% additional funding as allowed by Texas Local Government Code Section 252.048 on the original, NTE amount of \$11,000,000.00 until the new contract is in place.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On September 18, 2018, City Council approved a contract with Techline, Inc., in the not-to-exceed amount of \$11,000,000 (Ordinance 18-1478).

On June 13, 2022, the Public Utilities Board (PUB) recommended this item to the City Council for consideration

RECOMMENDATION

Award Amendment No. 1 with Techline, Inc., to continue to provide overhead and underground transformers for Denton Municipal Electric, in a not-to-exceed amount of \$2,750,000, for a total amended contract amount of \$13,750,000.

PRINCIPAL PLACE OF BUSINESS

Techline, Inc.
Fort Worth, TX

ESTIMATED SCHEDULE OF PROJECT

This contract will expire on September 18, 2023.

FISCAL INFORMATION

These products and services will be funded through the using department's budget on an as-needed basis. The City will only pay for services rendered and is not obligated to pay the full contract amount unless needed.

EXHIBITS

Exhibit 1: Agenda Information Sheet
Exhibit 2: Original Ordinance and Contract
Exhibit 3: Ordinance and Amendment 1

Respectfully submitted:
Lori Hewell, 940-349-7100
Purchasing Manager

For information concerning this acquisition, contact: Misty Willis, 940-349-7603.

Legal point of contact: Marcella Lunn at 940-349-8333.