



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Materials Management

CM: Todd Hileman

DATE: November 7, 2017

SUBJECT

Consider adoption of an ordinance accepting competitive bids and awarding a contract for the supply of Electric Utility Substation Switches to be stocked in the City of Denton Distribution Center; providing for the expenditure of funds therefor; and providing an effective date (IFB 6557-awarded to the lowest responsible bidder meeting specification, Preferred Sales Agency, LTD in the three (3) year not-to-exceed amount of \$4,000,000).

BACKGROUND

Denton Municipal Electric (DME) has substation projects approved in its five year Capital Improvement Plan (CIP) that will require the installation of 138kV switches. Substation switches are installed to make it possible to isolate transmission lines, substation busses and equipment for repairs and maintenance. All new substations will be constructed to operate at 138kV whether located on the 138kV portion of the transmission system or on the 69KV portion. Use of the 138kV voltage level is in anticipation of conversion of the 69kV system to 138kV near the end of the CIP period. Consequently, the majority of the switches purchased will be 138kV. 69kV switches were included in the bid to provide a source for replacements in the event of failures at existing 69kV stations. The space available in existing 69kV stations will not allow installation of 138kV switches. Quantities used in the pricing sheet are reflective of this plan. Orders will be placed based upon project needs.

As these commodities are “common stock items” in the Distribution Center working capital inventory under City of Denton General Government, they are not reviewed by the Public Utilities Board. The Distribution Center orders goods in coordination with DME for specific projects under construction. The items are temporarily stored in the Distribution Center until they are needed on the jobsite and then transferred to DME through an inventory management system. The items are ordered as needed, taking into account the contracted lead time and the need by date by the using department. The need by date is established by ensuring that citizen, customer, and developer timelines all form the basis of when the construction work must be complete by with an operational City of Denton service; furthermore, it factors in City of Denton construction crew schedules and construction sequencing with job site contractors.

Invitations for Bid were sent to 343 prospective suppliers for these items. In addition, specifications were placed on the Materials Management website for prospective suppliers to download and advertised in the local newspaper. One (1) bid was received. Staff recommends awarding to Preferred Sales Agency, LTD as the lowest responsible bidder meeting specification.

RECOMMENDATION

Award a contract for Electric Utility to Preferred Sales Agency, LTD in the three year not-to-exceed amount of \$4,000,000. This amount includes a contingency for unforeseen maintenance/repairs/ new projects.

PRINCIPAL PLACE OF BUSINESS

Preferred Sales Agency, LTD
Carthage, TX

ESTIMATED SCHEDULE OF PROJECT

This is an initial one (1) year contract with options to extend the contract for two (2) additional one (1) year periods, with all terms and conditions remaining the same.

FISCAL INFORMATION

The items in this bid will be funded out of the Distribution Center working capital account and charged back to the using department. The costs for material purchased under the proposed agreement will be funded out of amounts budgeted for specific projects. The work proposed will be in the transmission category. These costs for transmission projects will ultimately be recovered through the Public Utility Commission Transmission Cost of Service Program (TCOS).

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: **Public Infrastructure**
Related Goal: **2.5 Develop Capital Improvement Program (CIP) based on community needs**

EXHIBITS

Exhibit 1: Agenda Information Sheet
Exhibit 2: Tabulation Sheet
Exhibit 3: Ordinance
Exhibit 4: Contract

Respectfully submitted:
Karen Smith, 349-8436
Purchasing Manager

For information concerning this acquisition, contact: Karen Smith at 940-349-8436