



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Materials Management

CM: Todd Hileman

DATE: March 6, 2018

SUBJECT

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, rejecting all bids received under IFB 6621 – purchase of 138kv circuit breakers and maintenance parts – pursuant to section 252.043 (f), Local Government Code; authorizing the City Manager, or his designee, the authority to enter into a contract with the Lower Colorado River Authority, through an Interlocal Cooperative Purchasing Program participation agreement pursuant to section 271.102 of the Texas Local Government Code, for the purchase of high voltage circuit breakers for Denton Municipal Electric; providing for the expenditure of funds therefor; providing an effective date (File 6621-Interlocal Cooperative Purchasing Program participation agreement for the purchase of electrical equipment with the Lower Colorado River Authority awarded to Siemens Industry, Inc. In the not to exceed amount of \$2,200,000). The Public Utilities Board recommends approval (7-0).

BACKGROUND

Denton Municipal Electric (DME) has substation projects in its approved five-year Capital Improvement Plan that will require installation of 138kV circuit breakers. Circuit breakers are necessary substation protective devices that have the capability to interrupt the flow of electrical current during faults to prevent damage to equipment, structures, and personnel. Circuit breakers are controlled by microprocessor based devices, referred to as “relays.” Relays monitor various electrical conditions in substations and on electrical circuits. If a relay detects a fault, or other abnormal condition, it will automatically activate controls to open the circuit breaker to interrupt the electrical flow. A picture of a 138kV circuit breaker and typical substation layout is included in Exhibit 4.

DME currently has ninety-four (94) 138kV circuit breakers in service and three (3) replacement breakers. Eight-six (86) of these are Siemens SPS2 breakers and eleven (11) are Mitsubishi circuit breakers. Circuit breakers are rated by both the normal current that they are expected to carry and the maximum short circuit that they can safely interrupt. The bid requested quotes for 3000 Amp circuit breakers for both 40kA and 63kA short-circuit loads. Higher interrupting ratings are required in some locations on the DME system.

Invitations for Bid (IFB) were sent to 424 prospective suppliers. In addition, specifications were placed on the Materials Management website for prospective suppliers to download. Two (2) bids were received. The lowest bid was submitted from Siemens Industry, Inc., with a lead time of 16 weeks after receipt of order. A summary of the bid results are included in Exhibit 2.

Although a formal IFB was conducted, staff is recommending the rejection of all bids, and utilization of the existing cooperative agreement 4297 through the Lower Colorado River Authority. The utilization of the cooperative contract allowed the City to accept previously negotiated terms and conditions, rather than negotiate a new contract. The cooperative agreement offers comparable pricing as provided in the bid response (Exhibit 2). Although the total cost on the cooperative contract is slightly higher than the IFB pricing, staff time was saved in the negotiation of the contract terms and conditions with Siemens Industry, Inc.

Pricing obtained through the Lower Colorado River Authority has been competitively bid and meets the statutory requirements of Texas Local Government Code 271.102. Purchase orders will be issued based on need in project construction schedules, and there is no minimum purchase requirement. A list of proposed projects that will utilize this equipment is included in Exhibit 5.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On December 12, 2006, Council approved the Interlocal with the Lower Colorado River Authority (Ordinance 2006-334).

RECOMMENDATION

Approve the purchase of 138kV circuit breakers and maintenance parts from Siemens Industry Inc. in the not-to-exceed amount of \$2,200,000.

PRINCIPAL PLACE OF BUSINESS

Siemens Industry, Inc.
Richland, MS

ESTIMATED SCHEDULE OF PROJECT

The contract was executed by the Lower Colorado River Authority on December 15, 2015 and may be renewed annually, with a contract termination of December, 18, 2020.

Orders will be placed as project schedules require and will be delivered within 16 weeks

FISCAL INFORMATION

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: 1.6 Collaborate with local, regional, state, and federal partners

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: IFB 6621 Pricing Tabulation

Exhibit 3: LCRA contract

Exhibit 4: Technical Drawing

Exhibit 5: Projected Circuit Breaker Needs

Exhibit 6: Ordinance

Respectfully submitted:

Karen Smith, 349-8436

Purchasing Manager

For information concerning this acquisition, contact: Brent Heath 940-349-7180.