



City of Grand Island

Tuesday, May 10, 2022

Council Session

Item G-6

#2022-126 - Approving Amendment No. 1 to Distribution Transformers Contract with Wesco Distribution, Inc

Staff Contact: Tim Luchsinger, Stacy Nonhof

Council Agenda Memo

From: Timothy Luchsinger, Utilities Director
Stacy Nonhof, Interim City Attorney

Meeting: May 10, 2022

Subject: Amendment No. 1 to Distribution Transformers contract with Wesco Distribution, Inc.

Presenter(s): Timothy Luchsinger, Utilities Director

Background

On average, Grand Island Utilities uses around 200 distribution transformers per year. These transformer purchases can be broken down into three categories: Three Phase Pad-Mount, Single Phase Pad-Mount, and Single-Phase Pole-Mount.

On August 10, 2021, a Contract was awarded to Wesco Distribution, Inc., to supply all transformer categories. This Contract runs through December 31, 2022. To protect the Utilities Department and give pricing relief should pricing move toward normal levels in the future, the Contract unit pricing is adjusted quarterly based on material indexing.

With the recent fluctuations in commodity pricing, labor shortages, and material supply constraints, the market for transformers has become increasingly critical. With procurement lead times continuing to expand (most notably for Single-Phase Pad-Mount transformers) and manufacturers increasingly turning away orders from entities not under a pre-existing Contract, the Utilities Department has proactively investigated all options available to maintain reliability. The best additional steps available, in regard to mitigating the situation, include:

1. Extend the current Contract with Wesco through December 31, 2023, which protects the City from being exposed to the risk of not having a supplier under Contract during the shortage.
2. Approve a secondary Single-Phase Pad-Mount transformer manufacturer offered by Wesco. This gives the City another option, under the same Contract, which further mitigates the risk of exposure to the lack of market availability. This offering would also be adjusted quarterly based on index pricing.

Discussion

The Utilities Department seeks approval to amend the Contract with Wesco Distribution Inc. as follows:

1. Extend the Contract expiration date from December 31, 2022, to December 31, 2023.
2. Allow Wesco to offer Power Partners Single-Phase Pad-Mount transformers as an option under the current Contract.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council amend the purchasing Contract for the Distribution Transformers with Wesco Distribution Inc. as follows:

1. Extend the expiration date from December 31, 2022, to December 31, 2023.
2. Allow Wesco Distribution Inc. to offer Power Partners Single-Phase Pad-Mount transformers as an option under the current Contract.

Sample Motion

Move to amend the purchasing contracts for the Distribution Transformers with Wesco Distribution Inc.

RESOLUTION 2022-126

WHEREAS, on August 10, 2021, the City of Grand Island entered into a Contract with Wesco Distribution, Inc., to supply all transformer categories through December 31, 2022; and

WHEREAS, with the recent fluctuations in commodity pricing, labor shortages, and material supply constraints, the market for transformers has become increasingly critical; and

WHEREAS, extending the Contract with Wesco through December 31, 2023 and approving a secondary Single-Phase Pad-Mount transformer manufacturer offered by Wesco would reduce the risk of the Utilities Department not having a supplier during the shortage.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the First Amendment to Distribution Transformers contract agreement with Wesco Distribution, Inc., is approved and the Mayor is hereby authorized to sign the agreement on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, May 10, 2022.

Roger G. Steele, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☒ _____
May 6, 2022	☒ City Attorney