



## **AGENDA MEMORANDUM**

Action Item for the City Council Meeting of February 9, 2021

**DATE:** February 9, 2021

**TO:** Peter Zaroni, City Manager

**FROM:** Bill Mahaffey, Director of Gas Operations  
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### **Amendment to Supply Agreement No. 2159 - Gas Meters**

#### **CAPTION:**

Motion authorizing an amendment to Supply Agreement No. 2159 – Gas Meters with Wilnat, Inc. to increase contract funds on the two-year supply agreement, for a total amount not to exceed \$243,507.40 for a revised value in an amount not to exceed \$1,217,542.40, for the purchase of Gas Meters, with FY 2021 funding in estimated amount of \$243,507.40 available in the Gas Fund.

#### **SUMMARY:**

This motion authorizes Amendment No.1 to the current agreement with Wilnat Inc. to increase the contract value for the purchase of gas meters for Gas Operations.

#### **BACKGROUND AND FINDINGS:**

The initial supply agreement with Wilnat, Inc. was executed in July 2019. Since that time, there has been an increased effort by the Gas Department to replace commercial gas meters. Replacing more meters than originally anticipated has depleted the contract capacity in the supply agreement. However, the purchase of new residential meters is required to install new gas service connections and replace older, obsolete meters that can no longer be refurbished. The City has approximately 61,000 metered gas connections. Each connection requires the installation of a meter to allow for the accurate measurement of gas usage.

The meters are currently available, and the vendor is willing to honor the original price and quantity in the supply agreement for the residential meters and add additional commercial meters. This will meet the needs of the Gas Department within its current replacement program and will help bridge the gap between the current supply agreement and a future supply agreement. It is predicted that the price of gas meters will increase in the future, and so securing these meters at a lower cost is advantageous. Additionally, due to COVID restrictions, traditionally long lead times of up to 12 months in the production of gas meters may increase even further. Therefore, the Gas Department would like to take advantage of the current pricing and short lead time so that there will be adequate meters in stock until a new supply agreement is secured.

### **ALTERNATIVES:**

An alternative is to not increase the value of the existing supply agreement which would result in the continued use of obsolete gas meters that are inefficient. Purchasing meters at a later date would also result in an increased cost for the Gas Department and a longer lead time in receiving replacement gas meters.

### **FISCAL IMPACT:**

The fiscal impact for the Gas Department is an amount not to exceed \$243,507.40 from the FY 2021 Gas Fund.

### **FUNDING DETAIL:**

Fund:	4130 Gas
Organization/Activity:	34130 Gas construction
Mission Element:	022 Gas distribution system
Project # (CIP Only):	N/A
Account:	520150 Meter/Serv cnnt mat

### **RECOMMENDATION:**

Staff recommends approval of this motion authorizing Amendment No. 1 to Supply Agreement No. 2159 – Gas Meters as presented.

### **LIST OF SUPPORTING DOCUMENTS:**

Amendment No.1  
Supply Agreement