

ITEM: 18
DATE: 06-11-19

COUNCIL ACTION FORM

SUBJECT: CONTRACT RENEWAL - ELECTRIC UTILITY POLES

BACKGROUND:

This contract is for the purchase of electric utility poles needed to meet the anticipated needs of the Electric Services Department for new construction and maintenance. These poles will be purchased from an Electric Department inventory asset account and charged to the appropriate operations accounts as the poles are put into use. Generally, over a million dollars in assets are available in the Electric inventory at any given time for use in new service and maintenance activities.

On June 26, 2018, City Council awarded a contract to Baldwin Pole & Piling, Des Moines, Iowa, for the purchase of these electric utility poles in accordance with unit prices bid. This contract included the option for the City to renew in one-year increments for up to four additional years. **This is the first renewal out of four possible renewal periods, providing electric utility poles from July 1, 2019 through June 30, 2020. Council should note that there is a zero percent price increase for the 2019-2020 fiscal year.**

Under this contract, poles would be purchased at the City's discretion which may be quarterly or on an as-needed basis. This provides the City with flexible inventory management and helps to reduce the need for storage space. Bid prices are exclusive of sales taxes, which are applicable to the purchase of this equipment and are paid directly by the Utility. **Council should note that no contract amount is being authorized at this time, since payments will be made as these poles are purchased.**

ALTERNATIVES:

1. Award a contract for FY 2019/20 to Baldwin Pole & Piling, Inc., Des Moines, Iowa, for the purchase of electric distribution utility poles in accordance with unit prices bid.

Poles will be purchased as requested. Payments will be based on unit prices bid and actual quantities ordered, plus applicable sales taxes.

2. Reject all bids and attempt to purchase electric utility poles on an as needed basis at unpredictable prices.

MANAGER'S RECOMMENDED ACTION:

It is important to purchase distribution utility poles at the lowest possible cost with minimal risk to the City. It is also imperative to have these poles available to meet customer needs for new service or emergency replacements.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.