

COUNCIL ACTION FORM

**SUBJECT: PURCHASE OF ELECTRIC DISTRIBUTION AND TRANSMISSION
UTILITY POLES**

BACKGROUND:

This proposed action is for the purchase of electric distribution and transmission 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.

This contract is to provide distribution and transmission utility poles for the period from September 1, 2013 through August 31, 2014. The contract includes a provision that would allow the City to renew the contract for up to four additional one-year terms.

Under the proposed 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.**

On July 25, 2013, an invitation to bid (IFB) document was issued to eighteen firms. The IFB was advertised on the Current Bid Opportunities section of the Purchasing webpage, and it was also sent to one plan room.

On August 8, 2013, seven bids were received as shown on the attached report. Council should note that the evaluation amount is based on unit prices and estimated quantities purchased in the previous three years. The recommended award is based on the estimated total evaluated cost. ***Per the bidding document, the "City of Ames reserves the right to award all distribution poles to one bidder and all transmission poles to another bidder."***

Staff reviewed the bids and determined that the bid submitted from Laminated Wood Systems was non-responsive because it did not provide a proposed not-to-exceed percentage escalator for renewal periods with the bid. Instead of meeting this requirement, it was stated on the bid that the *"prices to be negotiated at the end of each*

contract". Since this is a renewable contract, the percentages are a mandatory requirement because they provide a cap on any cost increases for each renewal year.

Staff also determined that the bids submitted by Bell Lumber & Pole Co. and RESCO were both non-responsive because they did not submit bids where the prices will be fixed for the mandatory requirement period of one year. Each one stated in their bids that *"prices are subject to review based on fiber, freight, and preservative solution. The pricing will be reviewed quarterly..."*

As a result, four bids remained for consideration for distribution poles and two bids remained for transmission poles. Staff then used typical quantities of poles ordered in the past to evaluate the different bidders. Staff concluded that the apparent low bids based on estimated quantities submitted by Baldwin Pole & Piling, Inc., Des Moines, IA, for the distribution poles and McFarland Cascade, Tacoma, WA for the transmission poles are acceptable.

ALTERNATIVES:

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

b. Award a contract to McFarland Cascade, Tacoma, Washington, for the purchase of electric transmission 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 distribution and transmission utility poles on an as needed basis at unpredictable prices.

MANAGER'S RECOMMENDED ACTION:

It is important to purchase distribution and transmission 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.



RFQ 2014-003 DISTRIBUTION AND TRANSMISSION UTILITY POLES FOR ELECTRIC SERVICES BID SUMMARY

BIDDER:			Baldwin Pole & Piling, Inc. Des Moines, IA	Bridgewell Resources Dierks, AR	McFarland Cascade Tacoma, WA	MVA Power, Inc Montreal, QC	Laminated Wood Systems Seward, NE	Bell Lumber & Pole Co. New Brighton, MN	RESCO Ankeny, IA					
GROUP 1: DISTRIBUTION POLES														
ITEM #	DESCRIPTION	Qty	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	POLE, WOOD, 30 FT CLASS 5	12	\$155.00	\$1,860.00	\$160.00	\$1,920.00	\$154.00	\$1,848.00	\$200.71	\$2,408.52	NON-RESPONSIVE Did not provide not-to-exceed percentage escalator.		NON-RESPONSIVE Prices are not fixed. Subject to review quarterly.	
2	POLE, WOOD, 35 FT CLASS 5	11	\$197.00	\$2,167.00	\$199.00	\$2,189.00	\$200.00	\$2,200.00	\$254.91	\$2,804.01				
3	POLE, WOOD, 40 FT CLASS 1	2	\$434.00	\$868.00	\$445.00	\$890.00	\$450.00	\$900.00	\$553.77	\$1,107.54				
4	POLE, WOOD, 40 FT CLASS 3	15	\$336.00	\$5,040.00	\$331.00	\$4,965.00	\$335.00	\$5,025.00	\$445.36	\$6,680.40				
5	POLE, WOOD, 45 FT CLASS 1	4	\$533.00	\$2,132.00	\$539.00	\$2,156.00	\$544.00	\$2,176.00	\$665.11	\$2,660.44				
6	POLE, WOOD, 45 FT, CLASS 3	8	\$400.00	\$3,200.00	\$407.00	\$3,256.00	\$400.00	\$3,200.00	\$514.22	\$4,113.76				
7	POLE, WOOD, 50 FT CLASS 1	3	\$644.00	\$1,932.00	\$638.00	\$1,914.00	\$649.00	\$1,947.00	\$789.64	\$2,368.92				
8	POLE, WOOD, 50 FT CLASS 3	2	\$466.00	\$932.00	\$471.00	\$942.00	\$480.00	\$960.00	\$591.86	\$1,183.72				
9	POLE, WOOD, 55 FT CLASS 1	3	\$751.00	\$2,253.00	\$741.00	\$2,223.00	\$759.00	\$2,277.00	\$918.56	\$2,755.68				
10	POLE, WOOD, 55 FT CLASS 3	3	\$544.00	\$1,632.00	\$551.00	\$1,653.00	\$562.00	\$1,686.00	\$685.62	\$2,056.86				
Sales and/or Use tax on above materials (7%)				\$1,541.12		\$1,547.56		\$1,555.33		\$1,969.79				
Group 1 Overall:			\$23,557.12		\$23,655.56		\$23,774.33		\$30,109.64					
Lead Time from PO Receipt Date:			7-14 days ARO		14-16 days ARO		20-30 days ARO		5-10 days ARO					
Not-to-exceed percentage escalator			3%		3%		10%		10%					

NOTES:

For truck shipments that include 55' poles, add \$1,075.00 for additional freight.

BIDDER:			Baldwin Pole & Piling, Inc. Des Moines, IA	Bridgewell Resources Dierks, AR	McFarland Cascade Tacoma, WA	MVA Power, Inc Montreal, QC	Laminated Wood Systems Seward, NE	Bell Lumber & Pole Co. New Brighton, MN	RESCO Ankeny, IA					
GROUP 2: TRANSMISSION POLES														
ITEM #	DESCRIPTION	Qty	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	POLE, WOOD, 60 FT CLASS 1	1	NO BID		NO BID		\$1,425.00	\$1,425.00	\$1,746.90	\$1,746.90	NON-RESPONSIVE Did not provide not-to-exceed percentage escalator.		NON-RESPONSIVE Prices are not fixed. Subject to review quarterly.	
2	POLE, WOOD, 60 FT CLASS 2	1					\$1,201.00	\$1,201.00	\$1,470.56	\$1,470.56				
3	POLE, WOOD, 65 FT CLASS 1	1					\$1,693.00	\$1,693.00	\$2,049.09	\$2,049.09				
4	POLE, WOOD, 65 FT CLASS 2	1					\$1,454.00	\$1,454.00	\$1,693.57	\$1,693.57				
5	POLE, WOOD, 70 FT CLASS 1	1					\$1,873.00	\$1,873.00	\$2,278.56	\$2,278.56				
6	POLE, WOOD, 70 FT, CLASS 2	1					\$1,595.00	\$1,595.00	\$1,974.75	\$1,974.75				
7	POLE, WOOD, 75 FT CLASS 1	1					\$1,924.00	\$1,924.00	\$2,569.44	\$2,569.44				
8	POLE, WOOD, 75 FT CLASS H1	1					\$2,567.00	\$2,567.00	\$3,459.86	\$3,459.86				
9	POLE, WOOD, 85 FT CLASS 1	1					\$2,688.00	\$2,688.00	\$3,122.11	\$3,122.11				
10	POLE, WOOD, 85 FT CLASS 2	1					\$2,298.00	\$2,298.00	\$2,882.94	\$2,882.94				
11	POLE, WOOD, 90 FT CLASS 1	1					\$3,210.00	\$3,210.00	\$3,509.95	\$3,509.95				
Sales and/or Use tax on above materials (7%)								\$1,534.96		\$1,873.04				
Group 2 Overall:							\$23,462.96		\$28,630.77					
Lead Time from PO Receipt Date:							50-60 days ARO		28-35 days ARO					
Not-to-exceed percentage escalator							10%		10%					

NOTES:

*For truck shipments that include 75' and shorter poles, add \$690.00 for additional freight.
*For truck shipments that include 85/90' and shorter poles, add \$1,780.00 for additional freight.