

COUNCIL ACTION FORM

SUBJECT: CONTRACT RENEWAL FOR PURCHASE OF ELECTRIC DISTRIBUTION AND TRANSMISSION UTILITY POLES

BACKGROUND:

This proposed action is for the contract renewal to purchase electric distribution utility poles 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 projects 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 renewal is to provide distribution poles for the period from September 1, 2014 through August 31, 2015, which is the first of four optional renewal periods. The original contract included a provision that would allow the City to renew the contract for up to four additional one-year terms. There is no price increase for the first of four possible renewal periods; as prices will remain the same as the previous year.

Under the original contract, poles would be purchased at the City's discretion on a quarterly or 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 City. **Council should note that no contract amount is being authorized at this time, since payments will be made as these poles are purchased.**

The City also has a contract up for renewal with McFarland Cascade, Tacoma, Washington, for the purchase of electric transmission utility poles. However, staff has yet to purchase poles under the contract. Since very few electric transmission utility poles are ordered, the City would potentially benefit by bidding separately at the time of the need. Therefore staff is not recommending that City Council approve a renewal of this contract. That will allow it to end on August 30, 2014.

ALTERNATIVES:

1. 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.

2. Reject all bids and attempt to purchase electric distribution 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.