

COUNCIL ACTION FORM

**SUBJECT: RENEWAL OF CONTRACT FOR ELECTRIC SERVICES
UNDERGROUND TRENCHING CONTRACT**

BACKGROUND:

This contract consists of a contractor furnishing all equipment, tools, labor, and materials not supplied by Electric Services for excavating, trenching, directional boring, and backfilling for installation of conduits, ground sleeves, box pads, vaults, handholes, and other appurtenances. This consists of emergency service, as well as regularly planned repairs and services.

On February 24, 2015, City Council awarded the **primary contract** to Ames Trenching & Excavating, Ames, IA, in an amount not-to-exceed \$112,500 and the **secondary contract** to Communication Technologies, Des Moines, IA, in an amount not-to exceed \$37,500. Both contracts are for the Underground Trenching Contract to be furnished as requested from award date through June 30, 2015. Council may recall that the initial contract period was shortened to enable future renewals to coincide with the City's fiscal year.

Each contract has the option for the City to renew in one-year increments for up to four additional years. This option includes a rate provision which increases rates at fixed percentages above the previous fiscal year contracted rates at time of renewal. For the **primary contract** with Ames Trenching & Excavating the fixed rates for FY 2015/16 include labor and equipment & tools increases of 5%. For the **secondary contract** with Communication Technologies, LLC the fixed rates for FY 2015/16 include labor and equipment & tools increases of 3%. All increases are in accordance with the contract terms initially established. **This is the first renewal out of four maximum.**

Staff recommends that these services continue to be outsourced on an annual renewable contract basis. The benefits of having a contract for these services in place include the following:

- 1) Consistency of work and quality from a single contractor.
- 2) Reduction in the City's exposure to market forces regarding prices and availability for labor, travel, and supplies in preparation for a scheduled outage.
- 3) Rapid contractor mobilization to start emergency repairs, thus reducing generation downtime.
- 4) Saved City staff time obtaining quotes, evaluating bids and preparing specifications and other procurement documentation.

The total amount to be renewed for this contract will be a time and materials cost not to exceed \$300,000. This amount is larger than the first year of the contract because the first year of the contract covered only a partial year. The approved FY 2015/16 operating budget for Underground System Improvements contains \$1,400,000. Trenching and excavation services are included in this amount. The trenching and excavation services covered by this contract would also be used for the relocation of Electric Services facilities to clear sites for Public Works roadway improvement projects. Funds have been designated in various CIP projects for those relocation activities.

ALTERNATIVES:

1. a. Approve the **primary contract** renewal with Ames Trenching & Excavating, Ames, IA, for the Underground Trenching Contract for Electric Services for the one-year period from July 1, 2015, through June 30, 2016, and approve contract and bond. Total work in FY 2015/16 shall be in an amount not-to-exceed \$255,000.
- b. Approve the **secondary contract** renewal with Communication Technologies, Des Moines, IA, for the Underground Trenching Contract for Electric Services for the one-year period from July 1, 2015, through June 30, 2016, and approve contract and bond. Total work in FY 2015/16 shall be in an amount not-to-exceed \$45,000.
2. Cancel the renewal of the primary and/or secondary contract(s) and instruct staff to rebids these services.
3. Cancel the renewal of the primary and/or secondary contract(s) and purchase underground trenching services on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

These services are necessary to provide trenching and excavation for new construction, maintenance, and emergency repair activities for Electric Services. These contracts will establish rates for service and provide for guaranteed availability, thereby setting in place known rates for service and helping to control costs.

Having two contractors under contract allows the City to assign work to the secondary contractor if the primary contractor is busy and is unable to meet required project deadlines. This should reduce delays to project schedules.

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