

**COUNCIL ACTION FORM**

**SUBJECT: PURCHASE OF ELECTRIC UTILITY POLES**

**BACKGROUND:**

This proposed action is for the purchase of electric distribution 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 electric utility poles for the period from July 1, 2018 through June 30, 2019. 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 May 18, 2018, an Invitation To Bid (ITB) document was issued to 22 firms. The ITB was advertised on the Current Bid Opportunities section of the Purchasing webpage.

On June 8, 2018, five bids were received. Council should note that the evaluation amount is based on unit prices and average quantities purchased in the previous three years. The recommended award is based on the estimated total evaluated cost over the course of the five year contract.

**Staff reviewed the bids and determined that the bid submitted from Kriz Davis was non-responsive because it did not provide a proposed not-to-exceed percentage escalator for renewal periods with the bid. 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.**

As a result, four bids remained for consideration for distribution poles. Staff then used average quantities of poles ordered in the past to evaluate the different bidders. **Staff concluded that the apparent low bid based on estimated quantities was submitted by Baldwin Pole & Piling, Inc., Des Moines, IA, for the distribution poles.**

**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.

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

2. Award a contract to one of the other bidders.
3. 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.



## RFQ 2018-190 ELECTRIC UTILITY POLES BID SUMMARY

BIDDER:		Baldwin Pole & Piling, Inc. Des Moines, IA	McFarland Cascade Tacoma, WA	Bell Lumber & Pole Co. New Brighton, MN	Brown Corp., Oakland Township, MI	Kris Davis, Ames, IA						
<b>DISTRIBUTION POLES</b>												
ITEM #	DESCRIPTION	Qty	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	POLE, WOOD, 30 FT CLASS 5	20	\$155.00	\$3,100.00	\$149.00	\$2,980.00	\$ 171.00	\$ 3,420.00	\$191.00	\$3,820.00	ESCALATOR NOT PROVIDED - NON- RESPONSIVE	
2	POLE, WOOD, 35 FT CLASS 5	6	\$197.00	\$1,182.00	\$189.00	\$1,134.00	\$ 193.00	\$ 1,158.00	\$246.00	\$1,476.00		
3	POLE, WOOD, 40 FT CLASS 1	3	\$434.00	\$1,302.00	\$434.00	\$1,302.00	\$ 425.00	\$ 1,275.00	\$563.00	\$1,689.00		
4	POLE, WOOD, 40 FT CLASS 3	9	\$336.00	\$3,024.00	\$315.00	\$2,835.00	\$ 338.00	\$ 3,042.00	\$423.00	\$3,807.00		
5	POLE, WOOD, 45 FT CLASS 1	6	\$533.00	\$3,198.00	\$527.00	\$3,162.00	\$ 529.00	\$ 3,174.00	\$691.00	\$4,146.00		
6	POLE, WOOD, 45 FT, CLASS 3	7	\$400.00	\$2,800.00	\$382.00	\$2,674.00	\$ 386.00	\$ 2,702.00	\$510.00	\$3,570.00		
7	POLE, WOOD, 50 FT CLASS 1	4	\$644.00	\$2,576.00	\$644.00	\$2,576.00	\$ 591.00	\$ 2,364.00	\$805.00	\$3,220.00		
8	POLE, WOOD, 50 FT CLASS 3	3	\$466.00	\$1,398.00	\$466.00	\$1,398.00	\$ 462.00	\$ 1,386.00	\$595.00	\$1,785.00		
9	POLE, WOOD, 55 FT CLASS 1	2	\$751.00	\$1,502.00	\$755.00	\$1,510.00	\$ 719.00	\$ 1,438.00	\$937.00	\$1,874.00		
10	POLE, WOOD, 55 FT CLASS 2	1	\$652.00	\$652.00	\$639.00	\$639.00	\$ 597.00	\$ 597.00	\$820.00	\$820.00		
11	POLE, WOOD, 55 FT CLASS 3	1	\$544.00	\$544.00	\$543.00	\$543.00	\$ 536.00	\$ 536.00	\$701.00	\$701.00		
Sales and/or Use tax on above materials (7%)				\$1,489.46		\$1,452.71		\$1,476.44		\$1,883.56		\$0.00
<b>Subtotal:</b>			<b>\$22,767.46</b>		<b>\$22,205.71</b>		<b>\$22,568.44</b>		<b>\$28,791.56</b>		<b>\$0.00</b>	
1% Local Consideration												\$0.00
<b>TOTAL:</b>			<b>\$22,767.46</b>		<b>\$22,205.71</b>		<b>\$22,568.44</b>		<b>\$28,791.56</b>		<b>\$0.00</b>	
<b>Lead Time from PO Receipt Date:</b>			7-14 days ARO		14-21 DAYS		21 DAYS		10-14 DAYS			
<b>Not-to-exceed percentage escalator</b>			<b>3%</b>		<b>5%</b>		<b>10%</b>		<b>3%</b>			
<b>NOTES:</b>					\$41.43 additional freight per pole for less than Truckload (Listed on item #1 only)		Additonal freight if not full truckloads, cost not indicated		Partial shipments of 15 poles per shipment are allowed, but there will be an additional charge of \$110 per pole. Pricing is based on shipment in full truckload quantities.			
YEAR 2			\$23,450.48		\$23,316.00		\$24,825.28		\$29,655.31			
YEAR 3			\$24,154.00		\$24,481.80		\$27,307.81		\$30,544.97			
YEAR 4			\$24,878.62		\$25,705.89		\$30,038.59		\$31,461.31			
YEAR 5			\$25,624.98		\$26,991.18		\$33,042.45		\$32,405.15			
<b>TOTAL</b>			<b>\$120,875.54</b>		<b>\$122,700.57</b>		<b>\$137,782.58</b>		<b>\$152,858.30</b>			