

## COUNCIL ACTION FORM

**SUBJECT: RENEWAL OF CONTRACT FOR DISTRIBUTION CLASS WOOD UTILITY POLES**

**BACKGROUND:**

This contract renewal is for the purchase of distribution class wood utility poles necessary to meet the anticipated needs of the Electric Services Department for new construction and maintenance. Distribution class wood utility poles are initially purchased from an Electric Department inventory asset account. As the poles are put into use, they are charged to the appropriate operations accounts. 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. For example, this is the source of poles and transformers that was available for immediate use in dealing with the recent wind storm damage.

Under the proposed contract renewal, distribution class wood utility poles would be purchased as requested on a quarterly basis. This provides the City with flexible inventory management and helps to reduce the need for storage space. The proposed contract period would end August 31, 2011. Bid prices are exclusive of sales taxes, which are applicable to the purchase of these poles and are paid directly by the Utility. **No contract amount is being authorized at this time, since payments will be made as poles are purchased. The current vendor for distribution class poles has indicated willingness to renew the current contract with no price increase for 2010/2011. Prices will be firm through August of 2011.**

On August 4, 2009, six bids for distribution class wood utility poles were received as shown on the attached report. **The evaluation amount was based on unit prices for the estimated quantities purchased in the past three years prior to August of 2009. The award amount was based on the estimated total evaluated cost.** The lowest evaluated bid was found to be non-responsive and the second lowest bid was subject to monthly escalation/de-escalation based on several production factors.

Four bids for transmission class poles were received in that bid process (not shown on the attached bid result document), but all were rejected at that time. The transmission poles were later rebid and a contract was awarded at a later date.

When this contract for distribution poles was originally approved by the City Council, the intent was to award this contract for one full year and then rebid both distribution and transmission class poles together in 2010. However, it has been determined that the need for transmission class poles does not warrant continuation of that planned bid process at this time.

The Electric Engineering Manager has again reviewed the bids and determined that the current contract pricing meets the needs of the Electric Services Department.

**ALTERNATIVES:**

1. Award a contract renewal to Baldwin Pole, Bay Minette, Alabama, for the purchase of distribution class wood utility poles in accordance with unit prices bid in 2009. Poles are to be purchased as requested; and payments will be based on unit prices bid and actual quantities ordered plus applicable sales taxes.
2. Direct staff to bid for a new contract for the purchase of distribution class wood utility poles.
3. Reject all bids and attempt to purchase distribution class wood utility poles on an as-needed basis.

**MANAGER'S RECOMMENDED ACTION:**

Award of this contract will allow for a sure supply of distribution poles needed for new service and emergency replacements at a known cost through August of 2011. Distribution poles will be purchased as needed under this contract at the price quoted in this bid process.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 above, renewing a contract for the purchase of distribution class wood utility poles to Baldwin Pole, Bay Minette, Alabama.

**August 4, 2009**

**IFB 2009-248**

**Distribution Poles for Electric Services**

<b>Bidder</b>	<b>Estimated Total</b>	<b>Notes</b>
Koppers, Inc. Pittsburgh, PA	\$26,405.00	Non-responsive bid, offer form incomplete and unsigned
Thomasson Company Philadelphia, MS	\$26,800.00	Prices subject to monthly escalation/de-escalation
<b>Baldwin Pole Bay Minette, Alabama</b>	<b>\$27,250.00</b>	
Resco Ankeny, IA	\$28,014.80	Bid incomplete
McFarland Cascade Neosho, MS	\$28,355.00	
North Pacific Dierks, AR	\$29,067.35	Bid incomplete

**Contract Pricing (Distribution Poles Only)**

<b>Size/Class</b>	<b>2010-11 Pricing</b>
30 Foot class 5	\$148.00
35 Foot class 5	\$191.00
40 Foot class 1	\$430.00
40 Foot class 3	\$340.00
45 Foot class 1	\$525.00
45 Foot class 3	\$390.00
50 Foot class 1	\$615.00
50 Foot class 3	\$465.00
55 Foot class 1	\$725.00
55 Foot class 3	\$540.00