

COUNCIL ACTION FORM

SUBJECT: CONTRACT RENEWAL FOR PURCHASE OF ELECTRIC DISTRIBUTION UTILITY POLES

BACKGROUND:

On August 27, 2013, the City Council approved a contract with Baldwin Pole & Piling, Inc., for purchase of electric distribution utility poles. This contract allows the City to purchase poles at its discretion (quarterly or as-needed) in order to meet the anticipated needs of the Electric Services Department for new construction and maintenance. This provides the City with inventory management flexibility and helps to reduce the need for storage space.

The contract with Baldwin Pole & Piling includes a provision that allows the City to renew for up to four additional one-year terms. This contract is the third of four optional renewal periods, and would provide distribution poles for the period of September 1, 2016, through June 30, 2017. There is no price increase with this contract renewal. The Electric Services Department requested a shortened renewal period in order to align with the City's fiscal year.

The poles are purchased from an Electric Department inventory asset account and charged to the appropriate operations accounts as the poles are put into use. Prices are exclusive of sales taxes. **Council should note that no contract amount is being authorized at this time, since payments will be made as these poles are purchased.**

ALTERNATIVES:

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

Poles will be purchased as needed. Payments will be based on unit prices and actual quantities ordered, plus applicable sales taxes. There will be no price increases for the third renewal period; prices will remain the same as the previous year.

2. Reject renewal extension 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 Electric Services Department 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.