

ITEM #: 16
DATE: 04-11-23
DEPT: ELEC.

COUNCIL ACTION FORM

SUBJECT: AWARD OF CONTRACT FOR ALUMINUM CABLE FOR ELECTRIC SERVICES DEPARTMENT

BACKGROUND:

This bid is for the purchase of 7,500 feet of 500 KCMIL aluminum cable to replenish inventory for the Electric Services Department. Cable of this type is kept on hand to ensure availability for the needs of the department. Typically, this item is used to provide service for commercial and residential applications and is necessary to meet the anticipated needs of the Electric Services Department for new construction and maintenance projects.

On March 9, 2023, an Invitation to Bid (ITB) was issued. The ITB was viewed by 16 vendors. On March 21, 2023, five bids were received as shown below:

BIDDER	TOTAL COST
RESCO, Ankeny, IA	\$ 69,416.25
WESCO Distribution, Des Moines, IA	\$ 76,558.50
Graybar Electric, Des Moines, IA	\$ 113,152.50
Graybar Electric, Des Moines, IA – Alternate 1	\$ 133,750.00
Power Line Supply, Williamsburg, IA	\$ 593,315.00

***Price inclusive of 6% State of Iowa Sales Taxes Plus 1% Local Tax**

Graybar Electric submitted two bids, reflecting cable from two separate manufacturers. The Graybar Electric Alternate 1 and Power Line Supply bids include requirements for a 10,000-foot minimum order of cable. Therefore, these two bids reflect the cost for 10,000 feet of cable rather than the 7,500 feet of cable specified in the invitation to bid. All other bids reflect the costs for 7,500 feet of cable. **Staff reviewed the bids and concluded that the low bid from RESCO, Ankeny, Iowa, met the specification for the 500 KCMIL aluminum cable and is acceptable.**

The City Council should note that because of the metal content of this product, RESCO attached a metal escalation/de-escalation clause (capped at no more than 10%) due to the volatile market for metal. Therefore, the actual price charged to the City may be adjusted depending on the day the cable is shipped.

RESCO's estimated delivery time is 40 weeks, and its bid was \$7,142 less than the bid from the second low bidder, WESCO Distribution. WESCO did not include an escalation/de-escalation clause. For WESCO's higher bid to be a better value for the City compared to RESCO's low bid, the price of aluminum cable would need to increase by over 10% in the next 40 weeks. Staff reviewed changes in the prices of aluminum cable over the past 40 weeks to determine whether the inclusion of the escalation/de-escalation clause in RESCO's bid increases the risk to the City in a manner that outweighs the apparent savings.

In the past 40 weeks, the price of aluminum cable has actually decreased by 2%. The largest increase experienced during the past 40 weeks has been 5%. Although the previous history of the aluminum cable pricing changes is not a guaranteed indicator of future volatility, staff believes it is unlikely that prices would rise high enough as to make WESCO's bid a better value.

ALTERNATIVES:

1. Award a contract to RESCO, Ankeny, IA, for the purchase of Electric Services aluminum cable in accordance with the bid amount of \$69,416.25 (inclusive of Iowa sales tax), subject to a +/- 10% metals escalation/de-escalation adjustment at the time of shipment.
2. Award a contract for the purchase of Electric Services aluminum cable to one of the other bidders.
3. Reject all bids and attempt to purchase aluminum cable on as needed basis.

CITY MANAGER'S RECOMMENDED ACTION:

The Electric utility needs a supply of aluminum cable on hand to meet the needs of commercial and residential customers. The low bid for this cable is acceptable to Electric Services. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.

This material will be going into inventory and, therefore, there is no budget for this original purchase. However, the material will be charged to projects which do include funding for the cable purchase in their budgets.