



Naperville

CITY COUNCIL AGENDA ITEM

SUBJECT: Recommend the Award of Sole Source Procurement 16-244, Cable Injection Services

TYPE OF VOTE: Simple Majority

ACTION REQUESTED:

Approve the Award of Sole Source Procurement 16-244, Cable Injection Services, to Novinium Inc. for an amount not to exceed \$2,000,000 plus a 3% contingency.

BOARD/COMMISSION REVIEW:

N/A

COUNCIL ACTION PREVIOUSLY TAKEN:

Date	Item No.	Action
N/A		

DEPARTMENT: Department of Public Utilities – Electric (DPU-E)
Finance Department

SUBMITTED BY: Mark Curran, DPU-E Director
Rachel Mayer, Finance Director

BACKGROUND:

Cable injection has proven to be a viable component of asset management for DPU-E. It has become a cost effective measure in maintaining the reliability and longevity of our underground electrical system. This has become more evident when utilized in our residential areas where the underground conductors were initially installed over 30 years ago. These areas are experiencing an increase in power outages due to deteriorating insulation on conductors nearing the end of their life span. Replacing the aged failing conductors with new conductors would entail

extensive construction, either via very intrusive open trenching; or less intrusive, but much more expensive, directional boring. All this construction and cost can be avoided by injecting the cable with the patented fluid that rejuvenates the cable insulation, providing at least another 20 years of life.

The electric utility has used this technology previously in Wil-O-Way, University Heights and Brook Crossings subdivisions with great success. Cable injection essentially rejuvenates the cable insulation into an almost new condition with a 20 year warranty against failure. By performing cable injection at an average cost of approximately \$8.00 per foot, there are considerable savings over traditional cable replacement, which is approximately \$40.00 per foot.

DISCUSSION:

In the past, the City has conducted formal bids to secure a contractor to perform cable injection services. During the last six years, the City conducted three bids with only two suppliers submitting pricing in each instance: UtilX and Novinium, Inc. In 2015, Novinium, Inc. acquired UtilX, making Novinium, Inc. appear to be the sole provider of this patented cable injection service. In an effort to verify that Novinium is the sole provider, the City advertised an Intent to Sole Source on the City's online bidding service and in the newspaper to allow suppliers to notify the City if they were able to perform the services. The City would have conducted a formal bid if responses were received. The due date for responses was June 8, 2015, and the City did not receive any responses to the Intent to Sole Source. Novinium has performed well for the City in the past and is recommended for award.

The contract period for this work is three years from date of award: \$500,000 for CY16, \$700,000 for CY17, and \$800,000 for CY18, with an option to extend to CY's 19 and 20. This year, due to past successes, DPU-E proposes to inject a total footage of 60,000 feet. Most of this work will be located in the southeast quadrant of the city. Some of these areas include subdivisions such as Signal Point, Maplebrook East and Hunters Woods. Smaller portions will be performed in Springbrook Crossings and Columbia Estates. These areas were prioritized based upon rate of cable failures, number of customers affected, outage length, and other reliability metrics. The following years the project is expected to expand to inject 100,000 feet of cable per year.

FISCAL IMPACT:

CIP #: EU52 – Cable Replacement

Cable injection services are budgeted in the Electric Utility Fund CIP. A total of \$1,070,500 is budgeted in CY16 for CIP # EU52 in the account listed below with \$500,000 targeted for cable injection and the remaining \$570,500 being used for cable replacement, reconfiguration, and relocates. This contract is for 3 years and the award amounts for CY17 and CY18 will be a component of the overall capital budget in future years.

Account Number	Fund Description	Total Budget Amount
410-3390-533.70-89	Electric Fund	\$5,920,000

16-244, Cable Injection

June 21, 2016

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Per Council directive, contingency on construction projects is set at 3% on projects over \$500,000 and 5% on projects under \$500,000.

RECOMMENDATION:

Approve the Award of Sole Source Procurement 16-244, Cable Injection Services, to Novinium Inc. for an amount not to exceed \$2,000,000 plus a 3% contingency.

ATTACHMENTS:

1. CIP Page