



Legislation Details (With Text)

**File #:** 24-0448      **Version:** 1

**Type:** BID, RFP, RFQ, COOP, SOLE SOURCE, OPTION YEAR      **Status:** Passed

**File created:** 4/12/2024      **In control:** City Council

**On agenda:** 6/18/2024      **Final action:** 6/18/2024

**Title:** Approve the award of Option Year #1 to Contract 23-124.1, Insulated Conductors, to The Okonite Company for an amount not to exceed \$4,500,000 and for a one-year term

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

| Date      | Ver. | Action By    | Action | Result |
|-----------|------|--------------|--------|--------|
| 6/18/2024 | 1    | City Council |        |        |

**CITY COUNCIL AGENDA ITEM**

**ACTION REQUESTED:**

Approve the award of Option Year #1 to Contract 23-124.1, Insulated Conductors, to The Okonite Company for an amount not to exceed \$4,500,000 and for a one-year term

**DEPARTMENT:** Electric Utility

**SUBMITTED BY:** Brian Groth, Director

**BOARD/COMMISSION REVIEW:**

N/A

**BACKGROUND:**

The City Council awarded Contract 23-124 to The Okonite Company for a one-year term from August 21, 2023, to May 31, 2024, with one, one-year option year to extend. The purpose of this contract is to maintain the supply of conductors for inventory at the Electric Service Center warehouse.

The Electric Utility (Utility) maintains an inventory of insulated conductors for use throughout the year based on anticipated needs for various capital projects and emergency repairs. The conductors are of various types and sizes and are used to extend service to new areas, to transition overhead services underground, and to replace damaged or failed conductors that make up the underground electric grid infrastructure in the City.

**DISCUSSION:**

During the original term of the contract, The Okonite Company continued to provide high-quality products for use in the City’s underground electric grid. Supply chain issues for raw materials and industry demand have forced them to extend delivery times beyond one year, but they have consistently held to their commitments to delivery times provided when orders are placed.

The Utility recommends exercising the option year to provide funds for orders to be placed during the contract period, with the understanding that deliveries will not be until the late 2025 to early 2026 timeframe. The Okonite Company has agreed to extend the terms of the contract and include a price escalation clause.

Based upon the vendor's performance, the Utility recommends extending the contract for the first option year from June 1, 2024, to May 31, 2025, with no option years remaining. Depending on the supply chain and resulting delivery timelines, a change order may be needed at the end of this contract to accommodate orders placed during the contract term that remain unfulfilled on May 31, 2025.

**FISCAL IMPACT:**

CIP#: Various

Insulated conductors are expensed to the Operating Supplies account listed below. The Electric Utility maintains an inventory of insulated conductors in its warehouse and uses them for various projects and emergency repairs as needed. The Electric Utility included \$700,000 in the 2024 budget for warehouse materials. Staff transfers the expenses to the proper projects as these insulated conductors are used on various capital projects. The requested award can be accommodated within the budget.

| <b>Account Number</b> | <b>Fund Description</b> | <b>Total Budget Amount</b> |
|-----------------------|-------------------------|----------------------------|
| 40101300-541407       | Electric Utility Fund   | \$700,000                  |