



Legislation Text

File #: 21-1435, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Option Years 2 and 3 to Contract 18-258, Electric Utility Distribution, to Meade Inc., for an amount not to exceed \$11,835,000

DEPARTMENT: Electric Utility

SUBMITTED BY: Brian Groth, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The purpose of this contract is to have a qualified electrical contractor that can provide all labor and equipment necessary for installation and maintenance of underground and overhead 12kV, 34kV and 138kV Electric Utility (Utility) facilities, including fiber optics, street lights and directional boring to supplement staff.

The City Council awarded Contract 18-258 to Meade, Inc. (Meade) on December 18, 2018 for a two-year term from December 18, 2018 to December 17, 2020, with three option years to extend. In November 2020, Council approved the first-year extension to the contract leaving two, one-year terms remaining.

DISCUSSION:

During the original term, and first extension of the contract, Meade successfully completed projects to provide electrical services to the end users in both residential and commercial settings. Additional services included fiber optic installation to City buildings to enhance the City's internal fiber ring and supported cable injection and cable replacement projects to improve existing underground distribution systems.

Based upon the vendor's performance, the Utility recommends extending the contract for both the second and third option years as one term. Through discussions, staff and Meade will keep the same terms and conditions, however, Meade is requesting a 3% increase for 2022 and a 2.75% increase for 2023.

The increases for each of the two option years is a direct pass through of the wage increases Meade will experience as a contractual obligation with the union collective bargaining agreement. The contract terms place all risk for increase in fuel costs as well as equipment acquisition, repair, and maintenance costs on Meade. Any increase in the cost of consumable materials such as boring fluid are borne by Meade as well. Staff believes, due to current market conditions, it is in the City's best

interest to execute both options years at the negotiated fixed rate increase and hedge against future market volatility.

The term of the option years is December 18, 2021 to December 17, 2023, with no option years remaining.

FISCAL IMPACT:

CIP#: Various Capital Projects

Electric Utility Distribution is expensed to the Infrastructure and Operational Service accounts listed below. The electrical contractor is used to supplement staff on various projects and is included in the budget for each individual project. The totals below represent the proposed 2022 budget as most of the extension will take place during then. It is anticipated that there will be sufficient funds to accommodate this request.

Account Number	Fund Description	Total Budget Amount
40251300-551502	Electric Utility	\$10,444,067
40251300-531308	Electric Utility	\$1,210,876