



## Legislation Text

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File #: 21-1111, Version: 1

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### **CITY COUNCIL AGENDA ITEM**

#### **ACTION REQUESTED:**

Approve the award of the second year extension to Contract 17-159, Polyethylene/PVC Conduit Qualified Suppliers, for future spot purchases to Power Line Supply and Universal Utility Supply Company of Illinois for an amount not to exceed \$1,121,150 and for a one-year term

**DEPARTMENT:** Electric Utility

**SUBMITTED BY:** Brian Groth, Director

#### **BOARD/COMMISSION REVIEW:**

N/A

#### **BACKGROUND:**

The Electric Utility (Utility) purchases Polyethylene/PVC conduit to be used in the electric distribution system and is an integral component of the underground sub-transmission system. All system extensions, residential and commercial, require conduit to house the cable used on the distribution system. Conduit facilitates installation and protects the cable, promoting safe and reliable service.

The City Council awarded Contract 17-159 in September 2017 to three vendors for the purchase of Polyethylene/PVC conduit.

The price of conduit has varied significantly in recent years. Conduit price is, in part, based on resin prices, which are dependent on the availability of resin as well as the price of natural gas. Fluctuating raw material costs makes it more cost effective to buy conduit on an as-needed basis, asking qualified suppliers to quote prices on the quantity needed at the time. The Utility has used this method to procure conduit during the previous contract, and it ensured the Utility was paying the lowest market price available at the time of purchase. In addition, the Electric Warehouse stores the conduit and is limited on space, therefore the as-needed purchasing is ideal.

#### **DISCUSSION:**

During the original term of the contract, all vendors successfully provided Polyethylene and PVC conduit material used by the Utility to install and repair underground distribution cable. The vendors provided timely quotes and delivery of material as well as good customer service. One of the original three awarded vendors chose not to renew for 2020, however the two remaining vendors, Power Line Supply and Universal Utility Supply Company, were able to supply the needed conduit, delivered on time and has agreed to the same terms and conditions as the first two terms.

During the COVID-19 pandemic, industry wide disruptions throughout the supply chain to the manufacturers caused the lead times from all vendors to experience significant increases, as had the

spot market pricing of the material. Based on the vendor's performance, the Utility would like to extend the contract for the second option year.

The term on the second option year is September 9, 2021 to September 8, 2022.

**FISCAL IMPACT:**

CIP: N/A

Poly/PVC Conduit is expensed to the Operating Supplies account listed below. A total of \$3,500,000 was budgeted for Warehouse Supplies in 2021. Electric Warehouse supplies exceed its budgeted amount for 2021, however, we do expect many of the expenses to be offset by revenue from developers as many of the supplies are being used for reimbursable projects. In addition, there is underspend in Capital Outlay expenses in the Electric Fund to help offset the overspend. Lastly, the majority of this contract occurs in 2022 and will be budgeted accordingly.

<b>Account Number</b>	<b>Fund Description</b>	<b>Total Budget Amount</b>
40101300-541407	Electric Utility	\$3,500,100