

Legislation Text

File #: 17-270, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the Award of Bid 17-075, Electric Utility Distribution, to Meade Electric Company, Inc. for an amount not to exceed \$9,578,988.09, plus a 3% contingency and for a 19 month term.

DEPARTMENT: Electric Utility

SUBMITTED BY: Mark Curran, Electric Utility Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

This contract is a unit price bid and includes furnishing all labor, equipment and tools necessary for installation and maintenance of the underground and overhead 12kV-34kV electric utility facilities including: fiber optics, street lights and directional boring. Work is performed in easements and right-of-ways and includes residential, commercial and road sites. The majority (93%) of infrastructure for the Electric Utility is located underground.

Initial projects currently planned for this contract period include:

- Capital Maintenance Projects:
 - University Heights, Brook and Springbrook Crossing-Cable Replacement
 - Bailey/Naper - Circuit Rebuild
 - Crestview Knolls - Circuit Upgrade
 - Chicago Ave E 1290 - Replace 4/0 primary
 - Oswego Thornapple - Circuit Rebuild
 - Ogden and Columbia - Intersection Improvements
 - Osmose poles - overhead pole replacement
 - System repairs/replacements due to failures
- Capital Projects (New Development):
 - Atwater Subdivision Phase 2
 - Hobson Charleston Subdivision
 - Handifoil Expansion
 - Point Blank Range
 - Metro Storage
 - New Residential Services and Service Relocations

At least 90% of capital costs associated with new development are recouped through the Facility Installation Charge (FIC) fees.

This work will continue to be completed through a combination of Utility crews and the contractor. Our Utility crews continue to concentrate on the customer sensitive and day to day operation of the utility (customer service calls, outage restoration, residential half powers, street lighting maintenance, smaller new development and maintenance work) the contractor takes on the larger new development and maintenance work. There continues to be a significant increase in new development activity and the Utility is committed to meeting critical deadlines for facility installation. To date, with the assistance of the contractor, the Utility has able to meet the developer deadlines.

As recommended in the 2015 Utility Rate Study, the capital budget has increased each year due to increased capital maintenance spending to ensure the high levels of reliability expected by the customer. The CY2017 capital budget for maintenance and new development projects in the Electric Utility is \$9.9 million, (\$4.8M capital new (development) and \$5.1M capital maintenance).

For the remainder of this year, the Utility anticipates spending an estimated \$4.2 million dollars of this contract, 40% of that due to new development. An estimated 90% of these new development costs are recouped through fees. The estimated allocation of the remaining \$5.4 million of the contract is 30% for new development and 70% for capital maintenance. However, this is subject to change dependent on the development activity in the community. Utility staff meet weekly to monitor this contract and the status of construction projects across the utility.

This contract is one of many tools used by the Utility to accomplish its goal of what was planned in the rate study and allocated in the approved budgets to keep the Utility fiscally sound, safe and reliable.

DISCUSSION:

Advertisement Date: 04/05/2017
Opening Date: 04/17/2017

Notices Sent: 344
Planholders: 17
Bids Received: 2

BID TABULATION

The following bids were received:

Company Name	Work Group A	Work Group B	Total Bid	Discount For Both Groups	Total Award
Meade	\$6,427,146.00	\$3,297,715.00	\$9,724,861.00	1.5%	\$ 9,578,988.09
Intren	\$9,483,490.40	\$4,148,429.40	\$13,631,919.80	1.0%	\$13,495,600.60

In the past, this contract was awarded as one bid resulting in limited participation from the vendor community; only one vendor participated in the last two bids for these services. There was a concern that the large scope of work restricted smaller vendors from participating. In an attempt to increase the number of bidders and achieve lower bid pricing, staff advertised the bid with the work split into

two work groups. Vendors could bid on Work Group A (electrical related functions), Work Group B (directional boring related functions), or both groups together. Additionally, the vendors were asked to indicate if they would provide a discount if awarded both work groups. Each bid could then be awarded to one or two vendors depending on price and qualifications. As shown in the table above, two vendors submitted bid prices for both work groups and the discount option. Meade was the low bid for both work groups and the full scope of work with the discount applied.

In addition to the bids shown above, the City received two “no bid” responses. Both vendors explained that their schedules were too busy to take any additional work. In addition to the “no bid” responses, staff also contacted the two directional boring vendors who were planholders to understand why they decided not to submit bids for Work Group B. One vendor decided to enter into an agreement with an electrical contractor who was one of the “no bid” responders and the other vendor stated that the ground conditions were too unpredictable and they decided not to bid. Although the City did not see a significant increase in vendor participation, we did realize an 18.5% lower bid price than what is being paid at the current contract prices.

The contract term is from the date of award, through December 31, 2018 with three one-year options to extend the contract.

FISCAL IMPACT:

CIP #: EU01, EU02, EU03, EU05, EU06, EU12, EU13, EU14, EU29, EU44, EU52, EU66

Costs associated with this contract are expensed to the accounts listed below. The work included is related to multiple CIP projects, which are listed above. A total of \$6,175,000 has been budgeted for this in CY2017. The contract extends into CY2018 and funding will be included as part of future year budget requests and was included in the 5 year CIP budget.

Account Number	Fund Description	Total Budget Amount
410-3390-533.70-89	Electric Utility Fund	\$5,115,000
410-3391-533.70-89	Electric Utility Fund	\$4,825,000
410-3342-533.40-40	Electric Utility Fund	\$150,000