Legislation Text

File #: 20-326, **Version:** 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:
Approve the award of Sole Source Procurement 20-125, Cable Injection Services, to Novinium, Inc. for an amount not to exceed $6,000,000, plus a 3% contingency and for a five-year term

DEPARTMENT: Electric Utility

SUBMITTED BY: Lucille Podlesny, Director

BOARD/COMMISSION REVIEW:
N/A

BACKGROUND:
In June 2016, the Council awarded sole source Contract 16-244 for injection services to Novinium for $2,000,000 for a three-year period, with two one-year options. Cable injection has proven to be a cost-effective component of asset management for the Utility and is the main cable maintenance process used by the Electric Utility (Utility) to maintain its over 93% underground infrastructure.

Replacing aged failing conductors with new conductors requires extensive construction via open trenching or directional boring, which can be intrusive and costly. Conversely, cable injection rejuvenates the cable insulation via a patented silicone based fluid that is injected under pressure around the cable strands, filling in voids in the insulation that occur with prolonged exposure to high voltage and water infiltration. This injection can be performed with little to no disturbance to landscaping and no excavation. Injecting cable maintains the reliability and longevity of the underground electrical system, which was installed over 30 years ago, by providing extended life to the cable and a 25-year warranty against failure. This almost doubles the life expectancy of the cable.

By performing cable injection at an average cost of approximately $16.00 per foot, a 71% savings is realized compared to traditional cable replacement, which is approximately $55 per foot and significant disturbance to resident's property requiring additional landscaping cost. To date, approximately 91 miles of cable have been successfully injected and in May 2019, Council approved the first option year.

DISCUSSION:
Instead of exercising the second option year to Contract 16-244 for a one-year term, the Electric Utility is requesting a new sole source award for a five-year term from the date of award through April 30, 2025 for cable injection services. Novinium has maintained the same pricing as the option year remaining on the previous contract.

The Utility has identified this purchase as a sole source because Novinium Inc. is the only company that performs cable injection services that extend the life of medium voltage cables. The fluid and tools used to perform the service are exclusive to Novinium who has proprietary design patents. A sole source letter from the manufacturer is attached.

Given the magnitude of the award, staff also posted an Intent to Sole Source request on the City's e-bidding site from February 11, 2020 through February 27, 2020 allowing for any vendors to challenge the sole source determination. Seven vendors viewed the specifications; no challenges to the justification were submitted.

This contract will keep in place the processes necessary for the Utility to maintain its underground infrastructure and not allow cable to deteriorate to a condition where it has to be fully replaced at a significantly higher cost. Current plans indicated a need of approximately $1.2 million dollars per year over the next five years. Maintaining the electric underground infrastructure with the least disturbance to the residents at this time is becoming more and more significant as work and schools are transitioned to the home.

FISCAL IMPACT:
CIP#: EU52 - Cable Replacement Program

Cable Injection Services are expensed to the infrastructure account listed below. This is related to EU52, Cable Replacement Program, for which $2,900,000 was budgeted for in 2020. The requested award of $6,000,000 over 5 years is within the budgeted amount for this expense. Future budgets will include this project and can be adjusted, if needed, with no violation to the contract.

Account Number	Fund Description	Total Budget Amount
40251300-551502	Electric Utility	$12,982,000