



Legislation Text

File #: 22-0286, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Option Year Two of Contract 20-028, Insulated Conductors, to Okonite for an amount not to exceed \$2,200,000 and for a one-year term

DEPARTMENT: Electric Utility

SUBMITTED BY: Brian Groth, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The purpose of this procurement is to contract with a vendor to supply electric cable, otherwise known as conductors, which are inventoried at the Electric Service Center warehouse. The conductors are of various types and sizes and are used in capital and maintenance projects by the Electric Utility (Utility) to ensure reliable service to its customers. Purchases are planned based on known projects for both capital and maintenance.

With the current extended lead times, staff is ordering material that will not be received until 2023. The Utility does maintain an inventory of cable, much like many other materials, so emergency repairs may be completed without extended outages for its customers.

The City Council awarded Contract 20-028 to Okonite on May 19, 2020 for a one-year term from May 19, 2020 to May 18, 2021, with two, one-year options to renew. The first option year was awarded by Council in April 2021.

DISCUSSION:

During the initial term and the first optional renewal term, Okonite performed very well. Even during the pandemic, the on-time delivery of product and quality of the conductors was not negatively impacted. In addition, products supplied by Okonite are backed by an industry-leading 40-year warranty and may be returned for a 100% refund for up to three years from the date of shipment.

Based on the vendor's performance, the Utility recommends renewing the contract for the second optional renewal term. Okonite has agreed to maintain the terms and conditions, however, they are requesting a 29% increase in unit pricing. The percentage increase requested is consistent with the 12-month historical commodity pricing for copper, aluminum, rubber and plastic as shown in the London Metal Exchange, a global industry exchange for base metals.

Furthermore, the Utility is estimating its needed quantity for cable to be increasing up to 2.5 times the

previous year due to an increase in cable replacement projects, emergency repairs and new developments. The Utility bases its estimated needs on customer requests for new or changed services, capital projects to replace failing cables that cannot undergo cable injection, and restoring inventory to predefined levels to support emergency repairs to avoid extensive outages.

As lead times for delivery for certain commodities are currently exceeding nine months, the Utility is trying to forecast its needs today for the remainder of 2022 and 2023, which will allow the Utility to maintain sufficient inventory going into 2024.

The term of this second option year is from May 19, 2022 to May 18, 2023.

FISCAL IMPACT:

CIP#: N/A

Insulated conductors are expensed to the Operating Supplies account listed below. A total of \$4,000,000 has been budgeted for Electric Warehouse Supplies in 2022. The requested award is within the budgeted amount for this expense.

Account Number	Fund Description	Total Budget Amount
40101300-541407	Electric Utility	\$4,000,000