



City Council Report

Date: December 2, 2019
To: City Council
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Edward Quedens, Business Services Director
Matt Bauer, Procurement Administrator
Subject: One-Year Renewal with a One-Year Renewal Option to the Term Contract for Wood Poles for the Materials and Supply Warehouse (for the Energy Resources Department) **(Citywide)**

Recommendation

Council is requested to approve the contract renewal as recommended.

The Business Services and Energy Resources Departments and Purchasing recommend authorizing the renewal with McFarland Cascade Holdings, Inc.; and Border States Electric; at \$58,100 annually, with an annual increase allowance of up to 5% or the adjusted Producer Price Index.

Background / Discussion

The Energy Resources Department uses wood poles to support overhead electric power lines and associated equipment such as transformers and capacitor banks. This contract specifies the supplier furnish treated, roofed and pre-drilled Douglas Fir poles as a minimum requirement per the City per American National Standard Institute (ANSI) O5 latest revision and American Wood Preserver's Association (AWPA) – Book of Standards, latest revision.

McFarland Cascade Holdings and Border States Electric offered to renew the contract with pricing increases on the contract items awarded to McFarland. McFarland based their increase due to their Penta core wood product manufacturer increased costs; the manufacturer can no longer import Penta products from Mexico and must purchase in the U.S. at higher labor and material costs. The Producer Price Index has increased by 7.1% over the three-year term contract.

Business Services – Materials and Supply and Purchasing believe it is in the City's best interest to renew this contract based on the ongoing price volatility and limited response during the previous solicitations. In 2019, there has been record level lumber price increases in the U.S. market, and the same is forecasted for 2020. The City has been satisfied with each vendor's performance. This contract continues to be advantageous to the City and it is in the City's best interest to renew the contract.

Purchase Information

Action: Renewal (1st of 2 possible)

Procurement Type: Request for Bids

Contract Number: 2017058

Original Council Award Date: 11/21/2016

Initial Contract Term: Three years

Possible Renewals: One-year renewal subject to Administrative review and approval

Funding Source: Business Services Department - Materials and Supply operating budget
through the Warehouse Internal Service Fund