



City Council Agenda Item

City Council Meeting Date: March 3, 2020

TO: Jim Throop, City Manager

FROM: Ray Ambler, Purchasing and Materials Manager
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SUBJECT: Issuance of a Purchase Order in the Amount of \$246,081.30 for Ethylene Propylene Rubber Insulated Cable for Inventory

Recommendation:

Staff recommends the City Council authorize the Purchasing and Materials Manager to issue a purchase order in the amount of \$246,081.30 for Ethylene Propylene Rubber (EPR)-insulated, 15 kV concentric neutral jacketed cable, to the Okonite Company to replenish inventory for underground service projects.

Background:

The Electric Division works closely with the Purchasing Division on a routine basis to secure electric cable for all projects. Many projects are smaller in scope than the projects anticipated to use this cabling. As such, typical individual purchases of electric cable do not ordinarily exceed \$200,000 for a single project. The City's purchasing regulations pursuant to Lompoc Municipal Code (LMC) requires individual purchases exceeding \$200,000 to be bid competitively and to be awarded by the City Council. Although purchases of less than \$200,000 of electric cable are more common than purchases over \$200,000, the Purchasing Division has previously utilized competitive bidding as required, except for the step of having the award approved by the City Council. This award exceeds the \$200,000 threshold of the Purchasing Code and as such, approval is sought pursuant to the LMC.

The Electrical Department has scheduled the replacement of existing aged underground cable along Central Avenue between D Street and L Street along with cable routes extending north to the Lompoc Airport. The aged underground cable sections requiring replacement consist of portions of both the 12kV 101 Circuit and 12kV 201 Circuit. This effort is part of a capital replacement project for an existing underground system that is at the end of its useful life.

Discussion:

Standard City specifications require underground cable to meet certain criteria. A portion of the specifications stipulates the jacketed copper cable must have an EPR insulation shield without a polyethylene base. The Electrical Division has standardized the use of that type of insulation due to its superior pliability, long life, and ease of use in electric applications. Using EPR-insulated cable will improve upon the existing cabling in the proposed project areas and result in an increased life expectancy of the new systems, as compared with the existing system.

There are currently three companies that manufacture the EPR-insulated cable – one is located in Italy (Prysmian Group), one is in Connecticut (Marmon) and one is located in Los Angeles with a manufacturing plant in Santa Maria (the Okonite Company). In the past, the Purchasing Division has solicited bids from all three companies, but due to the shipping costs, the consistent low bidder has always been the Okonite Company in Santa Maria.

City of Lompoc has developed a quality specification for providing reliable power to its ratepayers. Since the late 1960's Okonite has provided its All-EPR Insulation System, with literally billions of feet installed throughout the U.S.A. with no failures related to the insulating system. Their All EPR System consists of the 3 key layers (conductor screen, insulation and insulation screen) using the same base polymer. This insures chemical compatibility as well and thermal and aging compatibility. Their system and the on-going success of their products can be attributed to: chemical formula; balance of stable properties; dedicated in-house compound mixing facility; triple tandem extrusion/continuous vulcanization; qualification test programs; commitment/reputation. In addition, in the Electric Division's experience, the Okonite product is much more pliable and easier to handle than those manufactured by other companies. Electric Division has also standardized speciality tools, its settings and auxiliary attachments to be exclusively used with Okonite cables.

Based on the above qualities of the Okonite product and standardization of tools and other equipment, the City of Lompoc Electric Division has determined Okonite's EPR-insulated cable products are required for the Division's purposes. Therefore, Okonite is the only source for the EPR-insulated cable products required by the Electric Division.

Fiscal Impact:

The Electric Division has an active underground capital improvement program that has been funded for a number of years. This proposed expenditure is in anticipation of a capital replacement project for an existing underground system that is at the end of its useful life, along with development projects located within the existing underground system's footprint. The Electric Division has authority to construct facilities and the City has a construction tracking system to account for all material, labor, equipment and other costs related to individual projects. The contracting tracking program utilizes the Purchasing Division's inventory management system to properly account for inventory

and materials used each fiscal year, and by each individual project. As such, the November 26, 2019, Purchase Order for EPR-Insulated Cable material requested for these projects are accounted for as a distribution of inventory at the time the project is under construction.

Conclusion:

If awarded, the purchase order will be issued to the Okonite Company against the Electric Division's inventory account 876-133030. Once the construction begins, the material will be charged out as an expenditure to the specific project being constructed. The replacement project is budgeted as part of the overall underground capital improvement program and funds are available in account number 752EDS-798540 – Electric – Central Avenue Underground.

Respectfully submitted,

Ray Ambler, Purchasing and Materials Manager

Tikan Singh, Electrical Utility Manager

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

George Morrow, Interim Utility Director

Dean Albro, Management Services Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager