



# City of Palo Alto

## City Council Staff Report

(ID # 10960)

---

**Report Type: Consent Calendar**

**Meeting Date: 2/24/2020**

**Summary Title: Utilities Substructure Standardization with Oldcastle**

**Title: Approve a Blanket Purchase Order With Oldcastle Infrastructure, Inc., as the City's Standard Supplier of Certain Equipment for the Utility's Electric Underground System, in an Annual Amount of \$350,000 for a Total Purchase Amount of \$1,600,000 Over the Next 4.5 Years**

**From: City Manager**

**Lead Department: Utilities**

### **Recommended Motion**

Staff recommends that Council approve and authorize the City Manager or designee to execute a blanket purchase order with Oldcastle Infrastructure, Inc. ("Oldcastle"), in an amount not-to-exceed \$200,000 for the remainder of fiscal year 2020, and \$350,000 annually in the following four years, for a total purchase amount not-to-exceed \$1,600,000 through fiscal year 2024. Staff recommends standardization with Oldcastle for certain equipment for the utility's electric underground system, including pre-cast concrete pads, vaults, and covers, consistent with section 2.30.900 of the Palo Alto Municipal Code.

### **Background**

The Utilities Electric Division ("Utilities") purchases large, pre-cast concrete pads, vaults, covers, and extensions for its underground infrastructure and requires customers to do the same for their projects. Vaults and covers installed by customers become the property of the City of Palo Alto ("City") and Utilities is responsible for maintenance and replacement as needed. The materials come in various sizes and styles to meet unique design requirements and field conditions. The vaults contain electric distribution system cables and equipment used to provide power to customers throughout the City.

Oldcastle and Jensen Precast ("Jensen") are the only two vendors on the West Coast that manufacture concrete pads, vaults, extensions, and covers in the sizes and styles that meet Utilities' standards for the construction of the utility underground electric system. The City has authorized blanket purchase orders with Oldcastle (formerly Old Castle Precast and Utility Vault) for the past fourteen (14) years for these materials. In December 2014, Council authorized Utilities to standardize with Oldcastle for this underground equipment and approved an annual contract amount of \$350,000 for 4.5 years. Prior to this standardization,

the City awarded similar contracts to Oldcastle for nine (9) years as the lowest, responsible bidder. Some variances have been allowed for customer-installed equipment or for custom installations, but the vast majority of the vaults installed in Palo Alto are from Oldcastle.

Customers have the option to choose the vendor of their choice provided it meets Utilities' construction standards. Customers/contractors frequently choose Oldcastle because they are a local provider and because it is the utilities standard, but it is not mandatory. Utilities staff is not making any "exceptions" to the rules. Only stating that there are a few instances where there are other vaults other than Old Castle around town.

On rare occasions a custom installation may be necessary where the standard equipment is not a good fit for application. Some examples would be for the replacement of older and obsolete equipment, or for equipment with special design requirements/features (strength, security options, etc.).

The City has experience working with Jensen for a specific system improvement project seven (7) years ago, replacing damaged covers. On that project, Utilities experienced problems with the quality of the product provided, fit of the replacement parts, and Jensen's customer service related to correcting issues. Oldcastle staff has consistently provided City staff timely and responsive service to price quotations, customer requests, materials delivery, and product issues.

### **Discussion**

Staff recommends standardization with Oldcastle for the equipment for the utility's electric underground system pursuant to Section 2.30.900 of the [Palo Alto Municipal Code](#). Section 2.30.900 allows the City Manager to determine that standardization of supplies, materials, or equipment demonstrates significant cost savings or is required by the health, safety, or welfare of the people or City employees where, among other factors: repair and maintenance costs would be minimized, supplies or spare parts would be minimized, modifications to existing equipment would not be necessary, and matching existing supplies, materials or equipment is required for proper operation of a function or program.

Often, Utilities must repair or modify existing boxes, vaults, and covers, so it is important to have standard specifications for this material and a supplier to ensure uniformity and availability of replacement parts. The vast majority of the City's existing installed vaults are from Oldcastle. Staff therefore recommends standardization with Oldcastle pursuant to Section 2.30.900 of the Palo Alto Municipal Code for certain equipment for the utility's electric underground system, including pre-cast concrete pads, vaults, and covers for the following reasons:

1. Repair, maintenance, and replacement costs will be minimized.
  - Oldcastle is a supplier to PG&E and Palo Alto takes advantage of the bulk pricing discounts achieved when using the same vaults as PG&E. Although Jensen is also an approved supplier to PG&E, the majority of the existing vaults in Palo Alto were made by Oldcastle.
  - Though vaults from different manufacturers may have similar dimensions, the extensions, covers, and lids are not necessarily interchangeable. With only one supplier, replacement covers, and lids will be readily available and will not require special orders as would be the case if they were from a different supplier.
  - For a past cover replacement project, several of the custom-made covers manufactured by Jensen did not fit correctly requiring significant additional staff time to correct issues.
  - Oldcastle has a manufacturing plant in Pleasanton, which allows for faster deliveries and at lower delivery cost, and with easier access for solutions to installation or product issues. Jensen is located in Martinez and Sacramento, which has the potential to increase delivery costs for items necessary for repair,

maintenance and replacement.

2. Supplies or spare parts would be minimized.
  - As the City uses many of the same vaults as PG&E, Oldcastle keeps a stock on hand that can often readily meet City and customers' short lead time delivery requirements.
  - Oldcastle also stocks other vault sizes and covers that meet City specifications.
3. Modifications to existing equipment would not be necessary and the need for custom made equipment would be minimized.
  - Only Oldcastle can supply the exact replacements lids, covers or extensions for their products without necessitating a special order from the City, which also makes such materials readily available to Utilities and City customers.
4. Matching existing equipment facilitates efficient construction and maintenance practices by helping City employees and customers to more consistently design, identify, and work with existing utility infrastructure.
  - Use of a standardized provider with consistent design standards helps allow customers and contractors to produce designs and purchase equipment that meets Utilities requirements more easily.
  - Field workers are familiar with and can easily identify and work with Oldcastle products because of the existing prevalence of those products in the City system.

In the past, Council has approved blanket purchase orders for this equipment with annual purchase limits of \$250,000 and staff has returned to Council to amend those contract limits three (3) times during the past eleven (11) years because of an increase in customer service requests and capital improvement project needs. Utilities staff is projecting a steady level of new customer service and capital improvement projects this fiscal year. As a result, staff is requesting authorization to set the purchase limit at \$350,000 each fiscal year based on historical expenditures and future projections.

### **Timeline**

The current purchase order with Oldcastle expired in June 2019 and a new, interim purchase order was been created to December 16th, 2019. Utilities is requesting to standardize with Oldcastle and to approve a purchase order of \$200,000 for the remainder of FY 2020 and \$350,000 annually for the next four (4) fiscal years. In addition to the normal projects, staff will be installing substructures for Underground Utility District 42 and 43 in FY2022, necessitating the funding request.

**Resource Impact**

Funding for this contract is available in the FY 2020 Capital Budget for the Electric Fund Project EL-98003. Funding for subsequent years for the blanket purchase order are subject to City Council approval of annual appropriations. The blanket purchase order format means the City enters a contract for an unspecified number of units, up to a maximum expenditure amount per year (PAMC 2.30.110) and items are ordered as-needed based on standard prices provided from the vendor.

**Policy Implications**

This recommendation is consistent with the 2018 Council-approved Utilities Strategic Plan to manage finances optimally and use resources efficiently to meet customer service priorities.

**Stakeholder Engagement**

This contract for materials does not directly impact customers that would require community outreach. Customers have the option to purchase and install these materials from any manufacturer as long as it meets Utilities' construction standards. Similarly, staff requested Council contract approval in December 2014.

**Environmental Review**

This blanket purchase order and standardization determination does not meet the definition of a project pursuant to section 21065 of the California Public Resources Code and is otherwise categorically exempt from California Environmental Quality Act (CEQA), under section 15301 (repair or maintenance of existing facilities), and section 15302 (replacement or reconstruction of existing structures and facilities) of California Code of Regulations Title 14 (the "CEQA Guidelines").