



Thursday, March 22, 2007

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**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION**

ITEM No 16

Subject Approve ratification of a contract with HYUNDAI HEAVY INDUSTRIES Gardena CA for the purchase of four power transformers in an amount not to exceed \$3 758 568

Amount and Source of Funding Funding is available in the Fiscal Year 2006 2007 Capital Budget of Austin Energy

Fiscal Note A fiscal note is attached

**Additional Backup
Material**

(click to open)

- ☐ **BID_TAB AE HYUNDAI**
- ☐ **CBN AE HYUNDAI**
- ☐ **Fiscal Note**

For More Information Dolores Castillo 512/322 6466

Purchasing Language Lowest bid of two bids received

MBE/WBE This contract will be awarded in compliance with Chapter 2 9D of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program) No subcontracting opportunities were identified therefore no goals were established for this solicitation

Austin Energy (AE) identified a Critical Business Need for the delivery of four 138/12 5kV 30 MVA power transformers by early 2008 The first three units are needed to replace three aging 20 MVA units at Cardinal Lane Substation and the fourth unit is to replace an operationally limited unit at Hidden Valley Substation

The existing units at Cardinal Lane Substation are over 35 years old These units have exceeded their expected life along with the associated switchgear which is obsolete and difficult to repair Repair parts are generally no longer available Installing three new units at Cardinal Lane will enable AE to upgrade the Burleson Cardinal Lane Seaholm lines and prevent the Burleson Pedernales line from overloading due to capacity requirements for the summer of 2008

The fourth unit for Hidden Valley Substation will replace an existing 30 MVA unit which has begun to overheat during summer months when loading reaches approximately 20 MVA This unit will be refurbished after removal to serve growing load requirements in other areas of the AE system

Because of the long lead time for this equipment (16 18 months) it was determined that a Critical Business Need existed and normal procurement processes could not be followed An abbreviated bidding process was followed

MBE/WBE Solicited 0/0 MBE/WBE Bid 0/0 PRICE ANALYSIS a Adequate competition b Two bids were issued Two bids were received There are no known MBE/WBEs for this commodity c The pricing offered represents a 24% increase to the last contract award in February 2006 The City established a contract for these items in February 2006 However due to significant increases in costs for copper steel and oil the contractor could not extend for an additional 12 month period

APPROVAL JUSTIFICATION a Lowest bid b The Purchasing Office concurs with Austin Energy s recommended award c Critical Business Need