

## AGENDA



Thursday, October 11, 2007

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION**
**Item No. 32**

**Subject:** Authorize award and execution of a 24-month requirements supply contract with PIONEER TRANSFORMERS LIMITED, Mississauga, Ontario, Canada, for the purchase of network transformers in an estimated amount not to exceed \$2,173,180, with two 12-month extension options in an estimated amount not to exceed \$1,086,590 per extension option, for a total estimated contract amount not to exceed \$4,346,360.

**Amount and Source of Funding:** Funding in the amount of \$1,086,590 is available in the Fiscal Year 2007-2008 Capital Budget of the Austin Energy Department. Funding for the remaining 12 months of the original contract period and extension options is contingent upon available funding in future budgets.

**Fiscal Note:** A fiscal note is attached.

**For More Information:** Dolores Castillo, Sr. Buyer /322-6466

**Purchasing Language:** Lowest bid of four 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.

This contract will establish a 24- month supply agreement for 13 different types and sizes of network transformers that will be purchased on an as needed basis for use by Austin Energy (AE). Currently over 500 transformers are in service throughout the network service area, specifically the downtown, rural, and large commercial load areas. The network transformer reduces voltage from a primary voltage of 12, 500 or 34, 400 to secondary voltage of 125/216 or 277/480.

Transformer bids are evaluated based on the "total owning cost". The total owning cost is the purchase price plus the value of losses (electricity lost during the voltage reduction) over the expected 30-year life-span of the transformer. A mathematical formula was published in the solicitation to calculate the total owning cost offered in each bid.

MBE/WBE Solicited: 1/1

MBE/WBE Bid: 0/0

**PRICE ANALYSIS**

- a. Adequate competition.
- b. Fifty-one notices were sent, including one MBE and one WBE. Four bids were received, with no response from the MBE/WBEs.
- c. The pricing offered represents a 60% increase to the last contract award in August 2005. This increase is due to the higher costs for steel, oil, labor, and transportation.

**APPROVAL JUSTIFICATION**

- a. Lowest bid received. Vendor is the current supplier for these line items.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.