

## AGENDA



Thursday, April 23, 2009

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 37**

**Subject:** Authorize award and execution of two 24-month requirements supply contracts for the purchase of 3-phase pad-mounted transformers with PRIESTER-MELL & NICHOLSON, Austin, TX in an estimated amount not to exceed \$7,711,620, with three 12-month extension options in an estimated amount not to exceed \$3,855,810 per extension option, for a total estimated contract amount not to exceed \$19,279,050; and TECHLINE, Austin, TX in an estimated amount not to exceed \$996,220, with three 12-month extension options in an estimated amount not to exceed \$498,110 per extension option, for a total estimated contract amount not to exceed \$2,490,550.

**Amount and Source of Funding:** Funding in the amount of \$3,521,099 is available in the Fiscal Year 2008-2009 Operating Budget of Austin Energy. Funding for the remaining 19 months of the original contract period and extension options is contingent upon available funding in future budgets.

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** Terry Nicholson, Senior Buyer/322-6586

**Purchasing Language:** Lowest bids of nine 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.

**Boards and Commission Action:** Recommended by the Electric Utility Commission.

The contract is for the supply of three-phase, pad-mounted transformers to be purchased on an as-needed basis for underground distribution electrical facilities for Austin Energy (AE). The transformers are used to reduce the primary voltage from 12,470 volts to a lower secondary voltage of 208/240 for commercial customer use and are designed to be weather and tamper resistant. This type of transformer is ideally suited for apartment buildings, schools, hospitals, or industrial sites.

The transformers were evaluated based on a "total owning cost" model which 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 for each item.

On October 12, 2007, the Department of Energy (DOE) issued a Final Ruling, 10 CFR Part 431. This ruling extends energy efficiency standards for products such as home appliances and automobiles to distribution transformers. The final rule applies to liquid filled transformers 2500 kVA and below sold in the United States after January 1, 2010. All of the transformers being purchased under this contract are liquid filled 2500 kVA and below and will meet or exceed the new more stringent efficiency standard as required by the new DOE Ruling.

With this contract, AE will begin the shift from petroleum based dielectric fluids to an ester based dielectric fluid. The new fluids are made of an edible vegetable oil-based, high-fire-point dielectric coolant,

biodegradable and are recyclable. These dielectric fluids do not contain petroleum, halogens, silicones, or any other non-biodegradable material and will thoroughly biodegrade in both soil and aquatic environments.

MBE/WBE solicited: 2/2

MBE/WBE bid: 0/0

#### PRICE ANALYSIS

- a. Adequate competition.
  - b. Ninety-eight notices were sent, including two MBEs and two WBEs. Seven bids were received, with no response from the MBE/WBEs.
  - c. The pricing offered represents a 1% increase to the last purchase made July 2008.
- APPROVAL  
JUSTIFICATION

- a. Lowest bids received. The recommended vendors are not the current supplier of these products.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet