

## AGENDA



Thursday, October 1, 2009

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 26

**Subject:** Authorize award and execution of a 24-month revenue contract with UTILITY RECYCLING SERVICES, INC., Wills Point, TX, for the sale and disposal of obsolete transformers for Austin Energy in an amount not to exceed \$356,182 with three 12-month extension options in an amount not to exceed \$178,091 per extension option, for a total contract amount not to exceed \$890,455.

**Amount and Source of Funding:** The total revenue for Fiscal Year 2009-2010 is estimated to be \$178,091.

**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:** Highest bid of six bids received.

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-9C 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.

This contract is for the sale and disposal of scrap single-phase and power transformers, to include circuit breakers and transformer bushings for Austin Energy (AE). AE routinely removes and replaces transformers from its distribution service area due to storm damage, leaks, or other malfunctions. Transformers whose age and condition make them no longer viable are sold for scrap. The design of current and potential transformers requires a significant amount of labor to recover any scrap value; therefore, disposal costs are incurred. Transformers that can be repaired are refurbished for continued use through a separate contract. The vendor will comply with all environmental regulatory requirements.

Quantities were provided for bid purposes only and there are no quantity guarantees. Bid prices were based on the published American Metals Market (AMM) quote for the price of No. 1 scrap copper. The contract price will change monthly based on the fluctuation of the AMM price of No. 1 scrap copper. The total estimated revenue was obtained by subtracting the total disposal costs from the total revenue. The recommended awardee is offering the highest total return to the City.

MBE/WBE solicited: 0/0

MBE/WBE bid: 0/0

**PRICE ANALYSIS**

- a. Adequate competition.
- b. Twenty-two notices were sent. There are no known MBE/WBEs for this type service. Six bids were received.
- c. The pricing offered represents a 97% increase to the last contract award in October 2005. The increase is due to a change in the pricing model and fluctuations/increases in the No. 1 scrap copper index.

**APPROVAL JUSTIFICATION**

- a. Highest bid received.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.