

## AGENDA



Thursday, December 17, 2009

**Purchasing Office**  
**RECOMMENDATION FOR COUNCIL ACTION**

**Item No. 61**

**Subject:** Authorize award and execution of a 12-month requirements supply contract with POWER SUPPLY INC., Austin, TX, for the purchase of pre-assembled distribution capacitor banks in an estimated amount not to exceed \$483,020, with four 12-month extension options in an estimated amount not to exceed \$483,020 per extension option, for a total estimated contract amount not to exceed \$2,415,100.

**Amount and Source of Funding:** Funding in the amount of \$402,517 is available in the Fiscal Year 2009-2010 Operating Budget of Austin Energy. Funding for the remaining two 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 bid meeting specification 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.

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

The contract will provide Austin Energy (AE) with 600KVAR and 1200KVAR capacitor banks which are used to improve the stability and efficiency of the distribution network. The capacitor banks are used throughout the AE service area to help protect the equipment of both AE and its industrial and commercial customers, by controlling the power lost in the distribution system. Having the capacitor banks in place allows AE to use smaller wires and equipment while ensuring its customers are charged appropriately for their power supply.

MBE/WBE solicited: 10/11      MBE/WBE Bid: 0/0

**PRICE ANALYSIS**

- a. Adequate competition.
- b. Five hundred and five notices were sent, including 10 MBEs and 11 WBEs. Four bids were received, with no response from the MBE/WBEs.
- c. The pricing offered represents a 11% increase to the last contract award in May 2006. According to the manufacturer, the primary reason for the increase is the rising costs in transportation.

**APPROVAL JUSTIFICATION**

- a. Lowest bid meeting specifications. Power Supply is the current provider of these products.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.