

AGENDA



Thursday, March 11, 2010

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 26**

Subject: Authorize award and execution of a 12-month requirements supply contract with VAUGHN MANUFACTURING CORP., Salisbury, MA, for the purchase of digital water heater timers in an estimated amount not to exceed \$206,240, with three 12-month extension options in an estimated amount not to exceed \$205,000 per extension option, for a total estimated contract amount not to exceed \$821,240.

Amount and Source of Funding: Funding in the amount of \$120,307 is available in the Fiscal Year 2009-2010 Operating Budget of Austin Energy. Funding for the remaining five 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: Sandy Calles, Buyer Sr., 322-6487

Purchasing Language: Sole bid 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 and the Resource Management Commission.

This contract is for the purchase of digital timers that will be installed on electric water heaters. These digital water heater timers are part of the Austin Energy Demand Response Program - Cycle Saver Program to help Austin Energy (AE) manage its summer energy peak demand. The Cycle Saver program is also a vital component of the Austin Climate Protection Plan approved by Austin City Council on February 15, 2007. The overall goal of the Climate Protection Plan is to reduce greenhouse emissions and respond to global climate change, to offset 700 MW of peak demand by 2020, and meet 30% of generation needs by 2020 from renewable energy. To date, over 20,000 timers have been installed in AE's service territory. AE's goal is to purchase 2,500 programmable water heater timers annually through this contract.

The timers will provide automatic peak load control of electric water heaters located in single-family residences, multi-family residential apartments, duplexes, and small commercial facilities. This program represents one of several demand response programs resulting in energy savings by achieving summer peak demand load reductions as well as load shifting. These electronic load control timer devices are tamper proof, and pre-programmed to be in the "off" position during peak power demand periods. Cycling times are June through September, weekdays from 3:00pm to 7:00pm. A typical water heater uses about 20% of the overall residential electricity used per month. Installation of these timers will be handled through a separate contract.

MBE/WBE solicited: 1/2

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Sole bid. The bid opening date was extended in an effort to secure more bids without success. This commodity is very specialized; thus, a limited number of capable suppliers.
- b. Forty notices were sent, including one MBE and two WBEs. One bid was received, with no response from the MBE/WBEs.
- c. The pricing offered is the same as the pricing for the last contract award in March 2007.

APPROVAL JUSTIFICATION

- a. Sole bid received. Vaughn Manufacturing Corp. is the current provider of this product.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.