

## A G E N D A



## Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

30227

Agenda Number

31.

Meeting Date:

February 13, 2014

Department:

Purchasing

## Subject

Authorize award and execution of Amendment No. 3 to a requirements supply agreement with PIONEER TRANSFORMERS, LTD., for network transformers for Austin Energy to increase the contract authorization for the current contract period and two remaining extensions options in an amount not to exceed \$2,050,493 each, for a revised total contract amount not to exceed \$12,003,539.

## Amount and Source of Funding

Funding in the amount of \$2,050,493 is available in the Fiscal Year 2013-2014 Operating Budget of Austin Energy. Funding for the remaining extension options is contingent upon available funding in future budgets.

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing  
Language:

Contract Amendment

Prior Council  
Action:

December 8, 2011 - Approved original contract

For More  
Information:

Gabriel Guerrero, Buyer II, 512-322-6060

Boards and  
Commission  
Action:

To be reviewed by the Electric Utility Commission on January 27, 2014.

Related Items:

MBE / WBE:

This contract was awarded in compliance with City Code Chapter 2-9D (Minority Owned and Women Owned Business Enterprise Procurement Program) No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

## Additional Backup Information

On December 8, 2011, City Council approved the award of a contract with Pioneer Transformers, LTD, Granby, Quebec, Canada, for the purchase of network transformers. Network transformers reduce voltage from primary to secondary levels and are used to supply power to grid-type secondary or “network” distribution systems in areas of high load density, specifically downtown Austin. These network systems are backed up, so that in the event of a failure, customers will not experience disruption of service. Network transformers are installed in vaults either above or below ground, and are designed to operate even in conditions of occasional underwater submersion. Due to the influx of new projects in the downtown area, Austin Energy has experienced significantly higher demand for network transformers than originally estimated. During this time of increased downtown construction, Austin Energy has over 10 buildings in design stages, including, but not limited to, the Green Water Treatment Redevelopment, Fairmont Hotel, Republic Square, and the Seaholm Redevelopment. All of these projects require up to six network transformers per project. The transformers range in price from \$30,376.13 to \$68,752.13, and have a lead time of approximately four months.

This proposed contract amendment will increase the spending authority in the current contract period and in the two remaining extension options. The additional authority is necessary to ensure that Austin Energy is able to maintain electric reliability in the downtown area and quickly react to customer-driven construction projects. This increase will cover Austin Energy's network transformer needs through the remainder of the contract when a new contract will be awarded through a competitive solicitation.

The additional authority represents approximately a 105% increase to the original contract amount. In accordance with Senate Bill 7, as adopted by the City of Austin as Resolution No. 040610-02, Austin Energy contracts may be increased in excess of the 25% limit required by Chapter 252 of the Texas Local Government Code.

#### **Contract Summary**

Action	Description	Amount
Original Contract awarded 12/08/2011	Original 12-month contract	\$1,159,012
Amendment No. 1	Exercise extension option 1	\$1,159,012
Amendment No. 2	Exercise extension option 2 with 2.5% unit price decrease and administrative increase	\$1,216,012
Proposed Amendment No. 3	Approve an increase to the current contract period and remaining two extension options (when exercised) in amounts of \$2,050,493 each.	\$6,151,479
Future Amendments	Third 12-month extension option	\$1,159,012
	Fourth and final 12-month extension option	\$1,159,012
Total Revised Contract Amount		\$12,003,539