



**Purchasing Contract  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.:** 48  
**AGENDA DATE:** Thu 12/16/2004  
**PAGE:** 1 of 2

**SUBJECT:** Authorize execution of Amendment No.1 to three 24-month supply agreements with TECHLINE, INC., Austin, TX; POWER SUPPLY, Austin, TX; and KBS ELECTRICAL DISTRIBUTORS, Austin, TX, to increase the agreements for padmount transformers in an amount not to exceed \$1,137,316, \$734,570, and \$259,028 respectively; and to increase the three 12-month extension options in amounts not to exceed \$568,658, \$367,285, and \$129,514 respectively, for revised total agreement amounts not to exceed \$3,996,292, \$6,179,350, and \$1,480,680 respectively.

**AMOUNT & SOURCE OF FUNDING:** Funding in the amount of \$1,065,457 is available in the Fiscal Year 2004-2005 Approved Operating Budget of Austin Energy. Funding for the remaining 12-months of the original contract term and the extension options is contingent upon available funding in future budgets.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** Purchasing  
**DEPARTMENT:** for Austin Energy;

**DIRECTOR'S**  
**AUTHORIZATION:** Vickie Schubert

**FOR MORE INFORMATION CONTACT:** Dolores Castillo, Senior Buyer/322-6466

**PRIOR COUNCIL ACTION:** June 24, 2004 Approved original contract

**BOARD AND COMMISSION ACTION:** N/A

**PURCHASING:** N/A

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

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City Council approved four contracts on June 24, 2004 to General Electric Supply, Techline, Inc., Power Supply and KBS Electrical Distributors for 3-phase padmounted transformers. In a letter dated July 28, 2004, General Electric stated it would be unable to accept a contract because it received award notification on July 14, 2004, and its bid acceptance period expired on July 13, 2004. General Electric's supplier had rescinded its proposal to GE and indicated it would only accept the award after the expiration date with quarterly price adjustments and several amendments to the City's standard terms and conditions. As the City is unable to accept modifications to a bid, the contract was awarded to the next lowest evaluated bidders Techline, Power Supply and KBS Electrical.

Transformer bids are evaluated based on the "total owning cost." The total owning cost is the purchase price plus the value of losses (electricity lost during the voltage reductions) 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 by each bidder. This requested action will reallocate the award among the remaining three agreements. The estimated total cost does not exceed previous Council action in June 2004.

Transformers are critical items for Austin Energy. Transformers provide the means to feed electric



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current into a business or residence. AE's distribution system is rated at 12, 470 volts. A transformer converts that current down to 120/240 volts for your home/business. As was done with the original award, this amendment will be awarded to the two lowest bidders for each line item in order to assure availability of the goods. The original solicitation required that the total owning cost of the second awardee be within 5% of the total owning cost of the low bidder in order to receive an award. The first low bidder will receive 60% of the orders for each line item and second low bidders will receive 40% of the orders for each line item.

CONTRACTOR	AMOUNT OF AMENDMENT #1	ORIGINAL 5 YEAR AWARD	TOTAL 5 YEAR REVISED AMOUNT	NEW AWARDS
Techline, Inc.	\$2,843,290	\$1,153,002	\$3,996,292	60% - 3, 5, 15 40% - 6, 10, 13, 14

Power Supply	\$1,836,425	\$4,342,925	\$6,179,350	60% - 6, 16, 17, 18 40% - 2, 3, 4, 11, 15
KBS Elect. Dist.	\$647,570	\$833,110	\$1,480,680	60% - 11 40% - 1, 12