



**Purchasing Service Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 31
AGENDA DATE: Thu 08/18/2005
PAGE: 1 of 2**

SUBJECT: Authorize execution of a 12-month supply agreement with PIONEER TRANSFORMERS, LTD, Toronto, Ontario, Canada for purchase of network transformers in an amount not to exceed \$701,711, with two 12-month extension options in an amount not to exceed \$701,711 per extension option, for a total agreement amount not to exceed \$2,105,133.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$701,711 is available in the Fiscal Year 2004-2005 Approved Capital Budget of Austin Energy. Funding for the extension options is contingent upon available funding in future budgets.

FISCAL NOTE: A fiscal note is attached.

REQUESTING Purchasing **DIRECTOR'S**
DEPARTMENT:for Austin Energy; **AUTHORIZATION:** Vickie Schubert

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

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Low bid of five bids received.

MBE / WBE: This contract will be 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.

This contract will provide 13 different types and sizes of network transformers for the use by Austin Energy. Currently 535 transformers are in service throughout the network service area specifically the downtown, rural, and large commercial load areas. The network transformer reduces voltage from a primary voltage of 12,500 or 34,400 to secondary voltage of 125/216 or 277/480.

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 reduction) 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 in each bid.

MBE/WBE Solicited: 4/1

MBE/WBE Bid: 0/0



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BID TABULATION

IFB # DC05100028

(Network Transformers , Total Qty 26 each)

| <u>COMPANY NAME</u> | <u>EVALUATED TOTAL PRICE</u> | <u>TOTAL PURCHASE PRICE</u> |
|---|---|--|
| Pioneer Transformer Toronto, Ontario | \$808,290.60 | \$701,711.00 |
| Carte International Winnipeg, Manitoba | \$873,276.33 | \$755,450.00 |
| GE Supply Austin, TX | \$974,608.37 | \$920,247.16 |
| Power Supply Austin, Texas | \$1,046,787.60 | \$960,000.00 |
| Moloney Electric Toronto, Ontario | \$631,403.79 (1) | \$525,835.00 (1) |

Note: (1) Moloney Electric submitted an incomplete bid.
A complete bid tabulation is available in the Purchasing Office.

PRICE ANALYSIS

- a. Adequate competition
- b. Fourteen notices were issued including four MBEs and one WBE. Thirteen bids were issued including one MBE. Five bids were received. The MBE/WBEs did not respond.
- c. The pricing offered represents an approximate 9% increase from the last contract awarded August 1999. This increase can be attributed to the higher prices for steel and oil.

APPROVAL JUSTIFICATION

- a. Lowest evaluated bidder of five bids.
- b. Austin Energy concurs with the award.
- c. Advertised on the Internet.

CIP BUDGET
Fiscal Note

DATE OF COUNCIL CONSIDERATION:
WHERE ON AGENDA:
DEPARTMENT:

8/18/2005
Resolution
Austin Energy

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FINANCIAL INFORMATION:

Parent Project Name: **Distribution**
Project Authorization: 2004-2005 Approved Capital Budget

| | | |
|-----------------------|-------------------|------------------------|
| Current Appropriation | \$ 215,597,444.00 | |
| Unencumbered Balance | | \$ 2,431,923.40 |
| Amount of This Action | | <u>(701,711.00)</u> |
| Remaining Balance | | <u>\$ 1,730,212.40</u> |

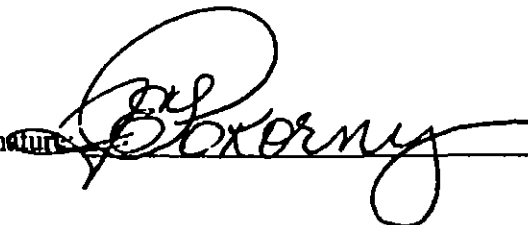
Use of Remaining Balance:

Remaining funds will be used for design, construction, equipment, and material acquisition to complete the project.

Use of Any Remaining Funds After Completion of Project:

No remaining funds anticipated at this time.

Director, Planning and Budget Signature



Date:

7/28/05