



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

AGENDA ITEM NO.: 33
AGENDA DATE: Thu 01/26/2006
PAGE: 1 of 3

SUBJECT: Authorize execution of a 12-month supply agreement with HYUNDAI CORP. (USA) c/o HI-VOLT SALES, New Braunfels, TX for power transformers in the amount not to exceed \$3,034,480, with three 12-month extension options in an amount not to exceed \$2,559,121 for the first extension option; \$9,939,052 for the second extension option; and \$4,552,946 for the third extension period, for a total agreement amount not to exceed \$20,085,599.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$3,034,480 is available in the Fiscal Year 2005-2006 Approved Capital Budget of Austin Energy. Funding for the extension options is contingent upon approval of 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: Lowest evaluated bid of nine 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 establish a 12-month supply agreement for the purchase of power transformers to be used throughout the various substations in the Austin Energy service area. This type of large transformer is used to convert power delivered by the City's transmission system from 138,000 volts to the distribution level of 12,470 volts. This is necessary to provide power at a useable voltage to residential and commercial customers.

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.



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PAGE: 2 of 3**

All transformers in this solicitation are 138kV with various configurations. The projected purchase for the original contract year and extension options are:

CONTRACT YEAR	ITEM 1	ITEM 2	ITEM 3
2006	5	0	0
2007	1	3	0
2008	12	4	0
2009	5	0	2

MBE/WBE Solicited: 0/0

MBE/WBE Bid: 0/0

BID TABULATION

Power Transformers

IFB # DC06100001

<u>VENDOR</u>	Item 1		Item 2		Item 3	
	<u>Purchase</u>	<u>Eval</u>	<u>Purchase</u>	<u>Eval</u>	<u>Purchase</u>	<u>Eval</u>
Hyundai Corp USA c/o Hi-Volt Sales New Braunfels, TX	\$606,896	\$843,106	\$664,075	\$913,855	\$759,233	\$1,086,843
ILJIN Heavy Industry c/o Nextgen Gardena, CA	\$606,101	\$857,446	\$621,978	\$873,323*	\$774,946	\$1,155,591
Siemens c/o Preferred Sales New Braunfels, TX	\$634,000	\$908,945	\$659,000	\$928,005	\$748,000	\$1,142,935
Kulhman Electric Versailles, KS	\$643,935	\$886,186	\$679,346	\$945,255	\$883,992	\$1,316,702
Tamini Group Oak Brook, IL	\$698,000	\$962,590	\$746,000	\$1,014,940	\$918,000	\$1,307,940
Fortune Electric Hermitage, PA	\$690,200	\$1,002,550	\$698,000	\$1,018,010	\$782,000	\$1,228,820
Waukesha Transformer Goldsboro, NC	\$675,000	\$947,015	\$727,500	\$997,436	\$1,185,785	\$1,548,600
Pennsylvania Transformer c/o Power Reps Austin, TX	\$712,394	\$1,018,694	\$765,612	\$1,068,322	\$903,783	\$1,303,443
ABB c/o Power Supply Austin, TX	\$872,700	\$1,143,625	\$903,700	\$1,174,625	\$1,220,000	\$1,652,125

*Vendor has the lowest evaluated price for Item 2. However, it is in the best interest of the City to award all or none, to eliminate multiple plant visits during the manufacturing process.



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PAGE: 3 of 3**

A complete bid tabulation is available in the Purchasing Office.



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PAGE: 4 of 3**

PRICE ANALYSIS

- a. Adequate competition.
- b. Eight notices were issued. Twelve solicitations were issued and nine bids were received. There are no known MBE/WBEs for this commodity.
- c. The pricing offered for Items 1 and 2 represents a 6% decrease from the last contract awarded August 2005. Item 3 has not been purchased recently; therefore, there is no recent bid history.

APPROVAL JUSTIFICATION

- a. Lowest evaluated bid.
- b. Austin Energy concurs with the recommended award.
- c. Advertised on the Internet.

CIP BUDGET

Fiscal Note

DATE OF COUNCIL CONSIDERATION:

1/26/2006

WHERE ON AGENDA:

Resolution

DEPARTMENT:

Austin Energy

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FINANCIAL INFORMATION:

Parent Project Name: Distribution Substation
Project Authorization: 2005-2006 Approved Capital Budget

Current Appropriation	\$ 68,753,349.00	
Unencumbered Balance		\$ 16,025,514.85
Amount of This Action		<u>(3,034,480.00)</u>
Remaining Balance		<u>\$ 12,991,034.85</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: _____

1/11/06