

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

66117

Agenda Number

29.

Meeting Date:

January 26, 2017

Department:

Purchasing

Subject

Authorize award and execution of a 24-month contract with SOLOMON CORPORATION, for the sale of used and obsolete transformers, with an estimated revenue amount of \$322,195, with three 12-month extension options in an estimated revenue amount of \$161,097 per extension option, for a total estimated revenue amount of \$805,486.

Amount and Source of Funding

The total revenue for Fiscal Year 2016-2017 is estimated to be \$107,398.

Fiscal Note

A fiscal note is not required.

Purchasing Language:

The Purchasing Office issued Invitation for Bids (IFB) GGH0182REBID for these goods and services on June 27, 2016. It closed on July 14, 2016 with three offers received. The recommended offer is the highest offer submitted by a responsible offeror. Additional information on the solicitation is included below. The recommended offeror is the current provider for these goods and services.

Prior Council Action:



For More Information:

Gabriela G. Harthcock, Buyer II, 512-322-6118

Boards and Commission Action:

January 23, 2017 - To be reviewed by the Electric Utility Commission.

Related Items:

MBE / WBE:

This contract is exempt from the City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program; therefore, no subcontracting goals were established.

Additional Backup Information

The contract is for the sale of used and obsolete transformers and related equipment, including single-phase transformers, power transformers, circuit breakers and transformer bushings for Austin Energy. Austin Energy routinely removes and replaces transformers from its distribution service area due to storm damage, leaks or other malfunctions. Transformers whose age and condition make them no longer viable for reuse or refurbishment are sold for scrap. Transformers that can be repaired are refurbished for continued use through a separate contract.

The current contract expires on February 3, 2017. The estimated revenue for the current contract was \$365,918 per year. The estimated revenue for the new contract is based on similar estimated volumes as the current contract but with lower metal market prices at the time of the respective solicitations. The pricing for both contracts is structured as a percent markup over a standardized and published per pound price that fluctuates with the market.

BID TABULATION
IFB GGH0182REBID
Sale of Used/Obsolete Transformers
25 Line Items

<u>Vendor</u>	<u>Total Annual Bid</u>
Solomon Corporation	\$161,097.30
A-Line T.D.C., Inc.	\$132,587.50
Alamo Transformer Supply	\$113,750.00

A complete solicitation package, including a bid tabulation, is on file in the City's Purchasing Office and is available on the City's Financial Services Austin Finance Online website. Link: [Solicitation Documents](#)

SOLOMON CORPORATION				
	# months	Estimated Revenue Amount	Contract Amendment	Revised Amount
Original Term	24	\$ 322,195	n/a	n/a
Extension Option 1	12	\$ 161,097	n/a	n/a
Extension Option 2	12	\$ 161,097	n/a	n/a
Extension Option 3	12	\$ 161,097	n/a	n/a
TOTAL	60	\$ 805,486	\$ -	\$ -