

**AGENDA**



**Recommendation for Council Action (Purchasing)**

<b>Austin City Council</b>	<b>Item ID:</b>	66828	<b>Agenda Number</b>	26.
<b>Meeting Date:</b>	February 2, 2017			
<b>Department:</b>	Purchasing			
<b>Subject</b>				
<p>Authorize award and execution of a 24-month contract with TECHLINE INC., to provide network transformers, in an estimated amount of \$7,425,364, with three 12-month extension options in an estimated amount of \$3,712,682 per extension option, for a total contract amount not to exceed \$18,563,410.</p>				
<b>Amount and Source of Funding</b>				
<p>Funding in the amount of \$2,165,731 is available in the Fiscal Year 2016-2017 Operating Budget of Austin Energy. Funding for the remaining 17 months of the original contract period and extension options are contingent upon available funding in future budgets.</p>				
<b>Fiscal Note</b>				
<p>A fiscal note is not required.</p>				
<b>Purchasing Language:</b>	<p>The Purchasing Office issued an Invitation for Bids (IFB) GGU0160REBID for these goods and services on August 1, 2016 and it closed on September 1, 2016 with six offers received. The recommended offer is the lowest offer submitted by a responsible offeror. Additional information on the solicitation is included below. The recommended offeror is not the current provider for these goods and services.</p>			
<b>Prior Council Action:</b>	<p>█</p>			
<b>For More Information:</b>	<p>Gabriel Guerrero, Buyer II, 512-322-6060</p>			
<b>Boards and Commission Action:</b>	<p>January 23, 2017 – Unanimously recommended by the Electric Utility Commission on a 9-0 vote, with two vacancies.</p>			
<b>Related Items:</b>	<p>█</p>			
<b>MBE / WBE:</b>	<p>This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9D Minority Owned and Women Owned Business Enterprise Procurement Program. For the goods and services required for this solicitation, there were insufficient</p>			

subcontracting opportunities; therefore, no subcontracting goals were established.

#### Additional Backup Information

The contract will provide network transformers on an as-needed basis for Austin Energy. 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.

The transformers will be used to replenish warehouse stock for immediate issue to construction and maintenance crews for new installations within the network and to maintain existing services.

The contract will replace an existing contract that will expire on February 13, 2017 and authorized for a total annual amount not to exceed \$3,209,505, with actual average spend of approximately \$1,700,000 annually. The new contract is based on increased estimated quantities that are more representative of recent and future-forecasted demand plus an updated specification.

#### **BID TABULATION**

IFB GGU0160REBID

Network Transformers Annual Price Agreement

14 line items

<b><u>VENDOR</u></b>	<b><u>TOTAL ANNUAL BID</u></b>	<b><u>TOTAL ANNUAL EVALUATED COST*</u></b>
Techline Inc.	\$3,712,682	\$6,367,077
Pioneer Transformers Ltd.	\$4,305,020	\$7,219,856
Carte International	\$4,786,295	\$7,787,555
Texas Electric Co-Operatives	\$5,273,365	\$8,163,355
Power Supply Inc.	\$5,507,470	\$8,410,041
OTC Services Inc.	**	**

\* 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 lifespan of the transformer. A mathematical formula was published in the solicitation to calculate the total owning cost offered in each bid.

\*\* Deemed Non-Responsive – Did not meet the specification requirements of the solicitation.

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](#)

<b>TECHLINE INC.</b>				
	<b># months</b>	<b>Contract Amount</b>	<b>Contract Amendment</b>	<b>Revised Amount</b>
Original Term	24	\$ 7,425,364	n/a	n/a
Extension Option 1	12	\$ 3,712,682	n/a	n/a
Extension Option 2	12	\$ 3,712,682	n/a	n/a
Extension Option 3	12	\$ 3,712,682	n/a	n/a
<b>TOTAL</b>	<b>60</b>	<b>\$ 18,563,410</b>	<b>\$ -</b>	<b>\$ -</b>