

AGENDA



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	68010	Agenda Number	23.
Meeting Date:	March 2, 2017			
Department:	Purchasing			
Subject				
<p>Authorize award and execution of a 12-month contract with KBS ELECTRICAL DISTRIBUTORS, INC., to provide surge arresters, in an estimated amount of \$149,798, with four 12-month extension options in an estimated amount of \$149,798 per extension option, for a total contract amount not to exceed \$748,990.</p>				
Amount and Source of Funding				
<p>Funding in the amount of \$102,756 is available in the Fiscal Year 2016-2017 Operating Budget of Austin Energy. Funding for the remaining four months of the original contract period and extension options are contingent upon available funding in future budgets.</p>				
Fiscal Note				
<p>A fiscal note is not required.</p>				
Purchasing Language:	<p>The Purchasing Office issued an Invitation for Bids (IFB) DNJ0131 for these goods and services on August 22, 2016 and it closed on September 15, 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.</p>			
Prior Council Action:	<p>██████████</p>			
For More Information:	<p>Darralyn N. Johnson, Buyer II, 512-505-7293</p>			
Boards and Commission Action:	<p>February 27, 2017 - To be reviewed by the Electric Utility Commission.</p>			
Related Items:	<p>██████████</p>			
MBE / WBE:	<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 subcontracting opportunities; therefore, no subcontracting goals were established.</p>			

Additional Backup Information

The contract is for the purchase of surge arresters for Austin Energy. Surge arresters are protective devices used in electrical substations to limit the magnitude of transient over-voltages on critical equipment such as power transformers. Transient over-voltages in electrical transmission and distribution networks result from the unavoidable effects of lightning strikes and network switching operations. These over-voltages have the potential to result in large financial losses to damaged equipment and lost production. Surge arresters are installed on every substation power transformer. The contract will be used to supply surge arresters for use as replacements for existing units as well as new installations.

There is no current contract for these products. Prior to the expiration of the previous contract on April 12, 2016, Austin Energy ordered surge arresters for its inventory until a new contract could be put in place. The authorization of the previous contract was \$120,000 per year with an actual spend of approximately \$60,000 per year. The requested authorization is based on historical use, emergency preparedness, and growth within the utility's service area. With about 200 substation power transformers in the field, and six surge arresters per unit, Austin Energy has a total of approximately 2,400 surge arresters installed. The requested authorization amount accounts for about a 10% replacement rate.

BID TABULATION
 IFB DNJ0131
 Surge, Station Class Arresters
 16 line items

<u>Vendor</u>	<u>Line Items Bid</u>	<u>Annual Bid Amount</u>	<u>Line Items Awarded</u>	<u>Annual Award Amount</u>
KBS Electrical Distributors Inc.*	15	\$149,797.41	15	\$149,797.41
Techline, Inc.	16	\$160,280.10	0	N/A
Priester Mell-Nicholson	15	\$179,640.00	0	N/A
Texas Electric Cooperative	16	\$189,927.00	0	N/A
KBS Electrical Distributors Inc.*	13	\$212,008.83	0	N/A
Power Supply Inc.	16	\$189,960.00	1	\$4335.00**

* KBS Electrical Distributors Inc. submitted two different bids offering distinct products.

** Staff will also administratively award a contract to Power Supply Inc. for a single line item.

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](#)

KBS ELECTRICAL DISTRIBUTORS, INC.				
	# months	Contract Amount	Contract Amendment	Revised Amount
Original Term	12	\$ 149,798	n/a	n/a
Extension Option 1	12	\$ 149,798	n/a	n/a
Extension Option 2	12	\$ 149,798	n/a	n/a

Extension Option 3	12	\$ 149,798	n/a	n/a
Extension Option 4	12	\$ 149,798	n/a	n/a
TOTAL	60	\$ 748,990	\$ -	\$ -