

A G E N D A



Recommendation for Council Action (Purchasing)

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|---|--|----------------|-------|---------------|-----|
| Austin City Council | | Item ID: | 72902 | Agenda Number | 47. |
| Meeting Date: | | August 3, 2017 | | | |
| Department: | | Purchasing | | | |
| Subject | | | | | |
| Authorize negotiation and execution of a contract for various 60-month lease agreements with ALTEC INDUSTRIES, INC., or the other qualified offeror to the Request for Proposals GGU0103, to provide customized utility vehicles in an amount not to exceed \$21,000,000. | | | | | |
| Amount and Source of Funding | | | | | |
| Funding in the amount of \$2,097,405 is contingent upon approval of the proposed Fiscal Year 2017-2018 Operating Budget of Austin Energy. Funding for the remaining months of the contract is contingent upon available funding in future budgets. | | | | | |
| Fiscal Note | | | | | |
| A fiscal note is not required. | | | | | |
| Purchasing Language: | The Purchasing Office issued a Request for Proposals (RFP) GGU0103 for these goods on April 3, 2017 and it closed on May 2, 2017 with two offers received. The recommended offer is the best evaluated offer submitted by a responsible offeror. Additional information on the solicitation is included below the line. The recommended offeror is the current provider for these goods. | | | | |
| Prior Council Action: | | | | | |
| For More Information: | Inquiries should be directed to the City Manager’s Agenda Office, at 512-974-2991 or agendaoffice@ austintexas.gov NOTE: Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation’s Authorized Contact Person: Gabriel Guerrero, at 512-322-6060 or Gabriel.Guerrero@ austinenergy.com | | | | |
| Boards and Commission Action: | July 17, 2017 – The Electric Utility Commission meeting was cancelled due to lack of quorum. | | | | |
| Related Items: | | | | | |
| MBE / WBE: | 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 required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established.

Additional Backup Information

The contract will provide Austin Energy with 60-month lease agreements for customized utility vehicles built to utility specifications and delivered in four separate phases, with each phase representing a separate 60-month term. The initial phase will be for an amount not to exceed \$5,683,139, with subsequent phases not to exceed \$4,803,884, \$4,908,239 and \$3,428,760 respectively. The contract authorization includes additional funding of \$2,175,978 for any non-warranty repairs that occur from high usage on rugged terrain and in tight spaces.

The equipment includes aerial devices mounted on truck chassis (commonly referred to as bucket trucks) and digger derricks to be utilized by Austin Energy to support infrastructure, maintenance and construction projects at various locations and worksites. The new equipment will replace equipment currently leased under an expiring contract and equipment that has exceeded its useful life.

The equipment for each phase will be ordered, delivered, and put into service based on budget availability, equipment life, and Austin Energy requirements. This equipment is custom made and requires a lead time of eight to ten months from the time the order is placed. To drastically reduce equipment down time, the contracts include all regular maintenance as well as loaner equipment should leased equipment be unavailable for more than a week. At the end of the contract, the equipment will be returned to the vendor.

The aerial and digger derrick equipment are diesel powered and capable of operating on B-20 biodiesel. Two large service vehicles included in one of the lease packages are hybrid and capable of running on B-20 biodiesel or electric power. While vehicles included in this package may run on B20 biodiesel (20% biofuel and 80% petroleum diesel), there are no manufacturers currently producing medium and heavy duty trucks with electric drive trains in the carrier classes specified in the proposed lease. Other factors limiting the use of utility vehicles with electric drive trains include extensive usage of a power take off to drive hydraulic systems, operations on rough terrain and potential requests for mutual assistance from other utilities with traditional fueling infrastructure.

Austin Energy performed a cost comparison of leasing versus purchasing these types of utility vehicles and concluded that leasing was the best value to the City. Reduction of downtime and inclusion of maintenance and repairs in the lease agreements yielded significant savings over purchasing the same vehicles.

An evaluation team with expertise in this area evaluated the offers and scored Altec Industries, Inc. as the best to provide these goods based on the technical solution and program, demonstrated applicable experience and qualifications, schedule and delivery, cost and local business presence.

This contract will replace an existing contract that expires on March 31, 2019. The current contract included a total authorization of \$11,783,190 with an actual spend of \$9,019,999.

If the City is unable to secure the contract, Austin Energy will not have the equipment required for the construction and maintenance of its transmission and distribution system.

This request allows for the development of a contract with a qualified offeror selected by Council. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that another qualified offeror may be selected, authorizing new contract negotiations.

A complete solicitation package, including a response list, 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](#)

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|--|------------------------------|-----------------|------------------------|---------------------------|-----------------------|
| | ALTEC INDUSTRIES INC. | | | | |
| | | # months | Contract Amount | Contract Amendment | Revised Amount |
| | Phase I | 60 | \$ 5,683,139 | n/a | n/a |
| | Phase II | 60 | \$ 4,803,884 | n/a | n/a |
| | Phase III | 60 | \$ 4,908,239 | n/a | n/a |
| | Phase IV | 60 | \$ 3,428,760 | n/a | n/a |
| | Damages / Repairs | 60 | \$ 2,175,978 | n/a | n/a |
| | TOTAL | 60 | \$ 21,000,000 | \$ - | \$ - |