



Recommendation for Action

File #: 23-1242, **Agenda Item #:** 5.

3/9/2023

Posting Language

Authorize negotiation and execution of two contracts for three-phase power transformers with Delta Star, Inc. and Texas Electric Cooperatives, each for up to five years for a total contract amount not to exceed \$60,000,000, divided between the contractors.

[Note: 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].

Lead Department

Financial Services Department.

Client Department(s)

Austin Energy.

Fiscal Note

Funding is available in the Capital Budget of Austin Energy.

Purchasing Language:

Austin Energy is designating this purchase as a Critical Business Need in accordance with Senate Bill 7, as adopted by the City as Resolution No. 040610-02.

For More Information:

Inquiries should be directed to DeJuan Brown, at 512-974-2670 or DeJuan.Brown@austintexas.gov <<mailto:DeJuan.Brown@austintexas.gov>>.

Council Committee, Boards and Commission Action:

February 13, 2023 - The Electric Utility Commission meeting was cancelled.

Additional Backup Information:

These contracts will provide three-phase power transformers on an as needed basis for use at substations throughout the Austin Energy (AE) service area. Three-phase power transformers are essential assets in the substation. They convert power delivered by the utility from transmission system voltage to distribution system voltage. This is necessary to provide power at a safe voltage to residential and commercial customers. AE utilizes three-phase power transformers to meet new load demands, to perform upgrades, and to replace units that have reached the end of their useful life.

As a preventative strategy to ensure a reliable supply of these assets and minimize the supply chain risks brought on by the COVID-19 pandemic and geopolitical landscape, AE declared a Critical Business Need to consider only pre-qualified contractors. These contractors have a history of producing transformers in accordance with AE specifications, successful factory audits, and demonstrated satisfactory performance. The recommended contractors both have factories in the United States.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial Term	2 yrs.	\$ 24,000,000
Optional Extension 1	1 yr.	\$ 12,000,000
Optional Extension 2	1 yr.	\$ 12,000,000
Optional Extension 3	1 yr.	\$ 12,000,000
TOTAL	5 yrs.	\$ 60,000,000

Note: Contract Authorization amounts are based on the City's estimated annual usage.

Strategic Outcome(s):

Government that Works for All.