

#1 is lowest price, best offering  
 #4 highest, least best  
 RANK

<u>Vendor</u>	<u>Avg. PM1</u>	<u>Avg. PM2</u>	<u>Avg. PM3</u>	<u>Avg. LB Test</u>	<u>ATS</u>	<u>Fuel Price</u>	<u>Wgt. Avg. Price</u>	<u>RANK</u>
<b>Clifford</b>	\$200.00	\$486.14	\$1395.79	\$442.86	\$0.00, incl.	\$90.00	\$437.68	⑤
Wgt. Avg. Price would be each avg. times 1/6, if 6 components to the aggregate considered equal value								
Wgt. Avg. Price = \$200 (.167) + \$486.14(.167) + \$1395.79(.167) + \$442.86(.167) + \$0.00 (.167) + \$90(.167)								
Wgt. Avg. Price = \$33.40 + \$81.19 + \$233.10 + \$73.96 + \$0.00 + \$15.03 = \$436.68								
<b>Holt</b>	\$225.00	\$1,103.57	\$3,267.86	\$1,015.36	\$150.00	\$125.00	\$983.09	④
Wgt. Avg. Price = \$37.57 + \$184.30 + \$545.73 + \$169.56 + \$25.05 + \$20.88 = \$983.09								
<b>Loftin</b>	\$438.21	\$379.64	\$1,330.00	\$326.43	\$0.00	\$125.00	\$434.08	②
Wgt. Avg. Price = \$73.18 + \$63.40 + \$222.11 + \$54.51 + \$0.00 + \$20.88 = \$434.08								
<b>Stew./Stev.</b>	\$130.50	\$319.39	\$647.36	\$489.50	\$0.00	\$89.00	\$279.85	①
Wgt. Avg. Price = \$21.79 + \$53.34 + \$108.11 + \$81.75 + \$0.00 + \$14.86 = \$279.85								

→ 7 July 2011  
 Attn: Moises Salazar

Dear Mr. Moi,  
 Let's selected Stewart + Stevenson of Pharr for the County Generator Maintenance Contract. They offer the lowest weighted average price and are local for prompt service.

Thanks,  
 Rick Sunday

**From:** Richard Sunday [mailto:richard.sunday@co.hidalgo.tx.us]  
**Sent:** Thursday, July 07, 2011 7:13 PM  
**To:** 'Moises Salazar'; 'seferino.garza@co.hidalgo.tx.us'  
**Cc:** 'valde.guerra@co.hidalgo.tx.us'; 'Daniel Flores'; 'Alma Ybarra'; 'valde.guerra@co.hidalgo.tx.us'; 'Ray Eufrazio'; 'Martha Salazar'  
**Subject:** RE: Bids Received for County Generators Maintenance; Weighted Average Price Evaluation

Hello Mr. Moi,

On the generator maintenance bids, since there were 22 line items times 6 different prices equaling 132 total prices to evaluate, I decided to use a "weighted average price" evaluation approach. The attached are evaluated and ranked by taking the prices for line items #2 through #15, which represents what we actually need serviced (item #1 isn't operational, items #16-22 are for possible "additional" generators we do not yet have), adding up each column through all 14 line items, dividing by 14 to get an average price, then multiplying each of those dividends by 0.167 representing "one-sixth" of the total price. Each of those "one-sixths" of the total are then added together to arrive at the total weighted average price for each vendor.

Per the attached, the ranked weighted average price of each vendor is as follows:

- 1) Stewart & Stevenson; \$279.85
- 2) Loftin; \$434.08
- 3) Clifford; \$437.68
- 4) Holt Cat; \$983.09

On the attached, I selected S&S with the lowest weighted average price. They're located in Pharr, so the local service should be better for logistics and service compared to Loftin of San Antonio, the next best offering which was 35.5% higher than S&S.

Please note that on the S&S bid form, 2<sup>nd</sup> page mentions "Mark up rate for parts 21%". Please be certain to clarify with our Auditor what's acceptable regarding "proof of mark-up". Typically, large corporations like S&S have corporate policies forbidding them to share copies of invoices they paid for parts bought elsewhere since such "cost of goods sold" is considered highly valuable competitive information they definitely do not want falling into the hands of competitors. To make matters more difficult regarding vendor compliance with such requests, corporate accounting systems utilize an average cost of goods (CGS) sold to which such mark-ups are applied. The "CGS" is a weighted average cost of inventory which could have been purchased at different times in different quantities, and/or shipped from one location to another adding additional internal shipping costs to the CGS, such that CGS will practically NEVER match the price the vendor paid for the part from their supplier. I discussed this with Mr. Eufrazio pertaining to this contract back on 28 June, and he had what I thought was a great idea, suggesting it would be better for the vendors to simply quote us a set price for each part they're going to provide, thus eliminating the "mark-up" component and the "proof of mark-up" burden altogether.

Question please: Is it permissible for you to please ask S&S to provide us with a quoted list of any/all parts to be used to support this generator maintenance agreement across 5 different brands comprising the list of 14 generators and make that part of their contract? I know that's a lot of maintenance parts for them to quote, but it might serve to eliminate the situation down the road whereby the vendor can not possibly comply with our "proof of cost paid for an item", possibly leading to delayed or impossible to pay invoices, possibly leading to credit hold for our account. Thank you for your consideration.

Regards,

**Rick Sunday**

BS Commerce & Engineering, MBA, Member- Association of Energy Engineers  
Infrastructure Systems Div. Mgr., Facilities Mgt., County of Hidalgo  
956-289-7858, [richard.sunday@co.hidalgo.tx.us](mailto:richard.sunday@co.hidalgo.tx.us): "Lower Total Cost Solutions & Greater Productivity In Facilities Improvement to Meet Internal Customer-focused Needs for a Better Work Environment while Optimizing Tax-payer Dollars."