

AGENDA



Thursday, August 9, 2007

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 29**

Subject: Authorize execution of a two- year Interlocal Agreement with the State of Texas, General Land Office (GLO) to supply natural gas to the City in an estimated amount of \$240,000 per year with options to extend for subsequent biennial periods.

Amount and Source of Funding: Funding in the estimated amount of \$20,000 is available in the Fiscal Year 2006-2007 Operating Budgets of various City departments. Future funding is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Rick Fudge, Deputy Purchasing Officer, 974-2033.

Purchasing Language: Interlocal Agreement.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). This contract is an Interlocal Agreement; therefore, it is exempted under Chapter 252.022 of the Texas Local Government Code and no goals were established for this solicitation.

The City executed an interlocal agreement on August 16, 1987 with the GLO to supply natural gas to City facilities at eight separate locations. This agreement has been continually renewed on a biennial basis.

The GLO has requested that the City execute a new interlocal agreement with an effective date of September 1, 2007 and ending August 31, 2009, with the option to continue the agreement for each subsequent biennium if the requisite funding is appropriated by the Texas Legislature for the GLO and the City approves funding.

Historical data is used to estimate the amount of natural gas needed on a monthly basis for all eight locations. The price of gas is based on the price posting as first published each month in the Platts Gas Daily price guide. The point of delivery will remain the Texas Gas Service's city gate as in previous years. The City is billed according to the actual gas consumption from the meter reading each month for each location/meter.

This contract will allow for additional City locations to be added in the future if needed. The contract allows the City to cancel the agreement upon 30 days notice. Actual amounts paid will vary each month as demand usage changes.