

AGENDA



Thursday, December 11, 2008

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 40

Subject: Authorize award and execution of a 24-month requirements supply contract with AIRGAS SOUTHWEST, Austin, TX for specialty gases in an estimated amount not to exceed \$60,780, with three 12-month extension options in an estimated amount not to exceed \$30,390 per extension option, for a total estimated contract amount not to exceed \$151,950.

Amount and Source of Funding: Funding in the amount of \$22,793 is available in the Fiscal Year 2008-2009 Operating Budget of Austin Energy. Funding for the remaining 21 months of the original contract period and extension options 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: Terry Nicholson, Senior Buyer, 322-6586.

Purchasing Language: Sole bid received.

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). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

The contract is for the supply of specialty gases, including breathing air, nitrogen, and sulfur hexafluoride which are used for utility equipment maintenance at Austin Energy substations. Breathing air is required by the Occupational Safety and Health Administration (OSHA) to provide a safe air supply to employees working in confined spaces. Nitrogen is used to maintain positive pressure on transformers to avoid condensation that can cause a premature failure of the device. Sulfur Hexafluoride is an electrical insulating gas that is used to insulate breakers, switches, and switchgears. The gases are to be supplied in cylinders that will be replaced on an as-needed basis.

MBE/WBE solicited: 0/0

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Sole bid. This bid was extended in an attempt to secure more bids without success. Other potential bidders were contacted who stated they were declining to bid due to the volatility of the petrochemical market.
- b. Twenty-two notices were sent. There are no known MBE/WBEs available for these commodities.
- c. The pricing offered represents a 22% increase to the last purchase made in January 2004. The increase is due to the sharp increase in chemical and allied products during the previous contract period.

APPROVAL JUSTIFICATION

- a. Sole bid received. Airgas Southwest is the current supplier of these products.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.