

A G E N D A



Thursday, January 15, 2009

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 36

Subject: Authorize award and execution of a 24-month requirements supply contract with SHRIEVE CHEMICAL COMPANY, The Woodlands, TX for the purchase of sulfuric acid for Austin Energy in an estimated amount not to exceed \$220,500, with three 12-month extension options in an estimated amount not to exceed \$110,250 per extension option, for a total estimated contract not to exceed \$551,250.

Amount and Source of Funding: Funding in the amount of \$82,688 is available in the Fiscal Year 2008-2009 Operating Budget of Austin Energy. Funding for the remaining 15 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: Shawn Harris, Buyer II / 505-7351

Purchasing Language: Lowest bid of three bids 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.

This contract is to provide sulfuric acid in both 93% and 98% concentrations to Austin Energy on an as-needed basis. Sulfuric acid is required as a regenerant in the ion exchange process at the power station demineralizers and for Ph control for the cooling towers and clarifiers.

Without a regenerant to keep the plant demineralizers functional, the plants would have to rent mobile demineralizers at a significantly greater cost of \$0.30 per gallon versus \$0.002 per gallon for the cost of using the plant demineralizers. Without the use of acids, the cooling towers and clarifiers would become inefficient and would cause an increase in the use of fuel to produce electricity.

MBE/WBE solicited: 2/0

MBE/WBE bid: 1/0

Price Analysis

- a. Adequate competition.
- b. Sixty-eight notices were sent, including two MBEs. There are no known WBEs available for this commodity. Three bids were received, including one MBE.
- c. The pricing offered represents a 100% increase from the last contract award in October 2006. The increase can be attributed to rising costs associated with the production of chemicals and the worldwide shortage of sulfuric acid. This increase is comparable with the increase in the Producers Price Index for this commodity.

APPROVAL JUSTIFICATION

- a. Lowest bid received.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.