

AGENDA



Thursday, May 14, 2009

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 23**

Subject: Authorize award and execution of a 24-month requirements supply contract for the purchase of industrial gases and rental of gas cylinders with AIRGAS SOUTHWEST, Austin, TX, in an estimated amount not to exceed \$248,973, with three 12-month extension options in an estimated amount not to exceed \$124,486 per extension option, for a total estimated contract amount not to exceed \$622,431.

Amount and Source of Funding: Funding in the amount of \$51,869 is available in the Fiscal Year 2008-2009 Operating Budgets of the following departments: \$31,295 Austin Energy; \$5,346 Austin Water Utility; \$2,857 Aviation; \$10,977 Fleet Services; and \$1,394 Austin Police Department. Funding for the remaining 19 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 two 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.

Boards and Commission Action: Recommended by the Electric Utility Commission.

This contract will provide industrial gases and the rental of gas cylinders for use by Austin Energy, Austin Water Utility, Aviation, Fleet Services, and the Austin Police Department for operating and maintenance purposes.

Austin Energy uses Hydrogen in its generators for cooling, Carbon Dioxide in generators to purge Hydrogen for maintenance, and Nitrogen to blanket vessels during shutdown periods to prevent corrosion. Austin Water Utility uses the gases to run the Gas Chromatograph that analyzes gases produced in the digesters at Hornsby Bend, and uses Acetylene, Oxygen, Argon, and Helium for welding and repairing plant equipment. Fleet uses the gases for welding various metals in connection with the repair of vehicles and other City equipment. Aviation also uses the gases for welding purposes. The Austin Police Department uses the gases in their Forensic Chemistry Lab.

MBE/WBE solicited: 1/1

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. Thirty-three notices were sent, including one MBE and one WBE. Two bids were received, with no response from the MBE/WBEs.

c. The pricing offered represents an 18% increase to the last contract award in February 2005. The increase can be attributed to rising costs associated with the production of industrial gases. This increase is less than the increase in the Producers Price Index for this commodity.

APPROVAL JUSTIFICATION

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