

AGENDA



Thursday, February 17, 2011

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION**
Item No. 36

Subject: Ratify Amendment No. 2 to a contract with ALTIVIA CORPORATION, Houston, TX for the supply of liquid chlorine for the Austin Water Utility for \$211,039.75, for a revised total contract amount not to exceed \$1,538,019.75.

Amount and Source of Funding: Funding in the amount of \$211,039.75 is available in the Fiscal Year 2010-2011 Operating Budget of the Austin Water Utility.

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

For More Information: Sydney Ceder, Sr. Buyer/974-2035

Purchasing Language: Critical Business Need.

MBE/WBE: This contract was awarded in compliance with Chapter 2-9D of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). This was an emergency service contract; therefore, it is exempted under Chapter 791 of the Texas Local Government Code and no goals were established for this solicitation.

Boards and Commission Action: Reviewed by the Water and Wastewater Commission.

Prior Council Action: March 26, 2009, approved contract.

Austin Water Utility (AWU) uses liquid chlorine to produce potable drinking water and in the treatment of wastewater. Liquid chlorine is a critical industrial supply item for AWU.

On April 1, 2009, a 24-month contract was established with Altivia Corporation to provide liquid chlorine in a total amount not to exceed \$1,274,080 with two 12-month extension options in an estimated amount not to exceed \$796,300 per extension option for a total estimated contract amount not to exceed \$2,866,680. Approximately six months after award of the contract on September 14, 2009, Amendment Number 1 was executed. Amendment 1 provided for a unit price increase from \$449 per ton to \$561.25 per ton as a result of changes in the industry for the production and supply of the product. As a result of the unit price change, the contract amount was increased from \$1,274,080 to \$1,326,980, a total increase of \$52,900. This increase was calculated as sufficient to fund anticipated expenditures on the contract. However, AWU then experienced greater-than-estimated usage and an accelerated expenditure of contract funds. In response, AWU declined to exercise Extension Option 1 and instead initiated a new solicitation for liquid chlorine (see related item on this agenda for DPC, Inc.). Usage continued at the accelerated rate, and Austin Water Utility initiated a spot purchase in the amount of \$47,706.25 on January 10, 2011. This spot purchase ensures a continuing supply of liquid chlorine to AWU until a contract resulting from related item (NN) can be executed. In addition, releases against the contract in the amount of \$163,333.50 have been made for a total amount of \$211,039.75.