



**Purchasing Supply Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 19
AGENDA DATE: Thu 01/15/2004
PAGE: 1 of 2**

SUBJECT: Authorize execution of a 12-month supply agreement with AIRGAS-SOUTHWEST, Austin, TX for the purchase of specialty gases and rental of gas cylinders in an amount not to exceed \$49,859.50, with three 12-month extension options in an amount not to exceed \$49,859.50 per extension option, for a total agreement amount not to exceed \$199,438.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$37,395 is available in Fiscal Year 2003-2004 Amended Operating Budget of the Electric Utility Department. Funding for the remaining 3 months of the contract 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.

REQUESTING Purchasing **DIRECTOR'S**
DEPARTMENT: for Austin Energy; **AUTHORIZATION:** Vickie Schubert

FOR MORE INFORMATION CONTACT: Karen Williams, Buyer I/322-6467

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Lowest bid of 2 bids received.

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 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 will provide specialty gases and rental of gas cylinders for use by Austin Energy (AE). The gases are breathing air, nitrogen and sulfur hexafluoride and are used for utility equipment replenishment and maintenance of transformers and switchgears. The breathing air is needed to ensure a safe air supply for AE employees working inside large power transformers. This is an OSHA safety requirement for employees working in confined spaces. AE has approximately 180 power transformers that must be maintained by crews on a regular basis.

Nitrogen is used to purge transformers of wet air. Three different size cylinders are used to fit size requirements for each transformer. On approximately 80 transformers, a nitrogen bottle is connected to the transformer on a full time basis to maintain positive pressure so that condensation does not form on the top of the transformer where there is no oil. Condensation can cause premature failure of the transformer. This is called a nitrogen blanket.

Sulfur hexafluoride is an electrical insulating gas. All the high voltage AE substation breakers are filled with this gas. AE also has a substation (Fiesta) that is completely gas insulated. AE purchases distribution gas insulated switches and switchgear that require this gas. AE is also installing a switchgear at Brackenridge Substation that requires this gas. The gas is used to refill gas-insulated equipment that is opened for maintenance or repair.



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All gases are delivered in industry standard cylinders. As the gases are used, and cylinders become empty, they are returned to the vendor who delivers full replacement cylinders.

Low bid/2 bids received. MBE/WBE Solicited: 0/0
MBE/WBE Subcontracting Participation: 0%/0% MBE/WBE Bid: 0/0

**BID TABULATION
Specialty Gases and Cylinder Rental-IFB# KW04100001
(10 Line Items)**

<u>VENDOR</u>	<u>TOTAL COST</u>
AIRGAS-SOUTHWEST AUSTIN, TX	\$49,859.50
Union Gas, Welding & Industrial Supplies Austin, TX	\$95,932.30

A complete bid tabulation is available in the Purchasing Office.

PRICE ANALYSIS

- Adequate competition.
- Ten notices were mailed. Two bids were received. There are no known MBEs/WBEs listed for this service.
- Price comparison of the previous service agreement (August 2000) reflects a 1% decrease in cost.

APPROVAL JUSTIFICATION

- Low bid.
- The Electric Utility concurs with the recommended award.
- Advertised on the Internet.