Purchasing Supply Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION

SUBJECT: Authorize execution of a 12-month supply agreement with INTERBORO PACKAGING CORPORATION, Montgomery, NY, for disposable plastic liners for trash containers in an amount not to exceed $230,282, with two 12-month extension options in an amount not to exceed $230,282 per extension option for a total agreement amount not to exceed $690,846.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of $95,951 is available in the Fiscal Year 2004-2005 Approved Operating Budget of various City departments. Funding for the remaining seven 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.

REQUESTING DEPARTMENT: Purchasing for Aviation; Austin Water Utility; Financial and Administrative Services - Building Services;

DIRECTOR'S AUTHORIZATION: Vickie Schubert

FOR MORE INFORMATION CONTACT: Sydney Ceder, Buyer II/974-2035

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Lowest bid meeting specification of six 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 establishes a reliable source for the annual supply of various sizes of disposable, low-density polyethylene plastic liners to be utilized by nine City departments for trash collection and disposal. These plastic liners are designed for heavy-duty industrial use and will be utilized by maintenance crews as general purpose trash containers for loose litter pickup or as liners for garbage cans, janitor cars, drums, and other waste containers of this type.

The nine user departments are Aviation (37%), Austin Water Utility (17%), Finance and Administrative Services Department, Building Services Division (17%), Parks and Recreation Department (9%), Austin Convention Center (6%), Austin Fire Department (5%), Austin Energy (4%), Solid Waste Services (3%) and Health Department (2%).

MBE/WBE Solicited: 0/0

MBE/WBE Bid: 0/0

BID TABULATION
Disposable Plastic Liners for Trash Collection and Disposal
(10 line items)
IFB No. SC05100015

Vendor	Total Price
Interboro Packaging Corporation **Montgomery, New York**	**$230,282.00**
Unipak Corporation Brooklyn, New York	$249,603.75
Dyna Pak Lawrenceburg, Tennessee	$252,173.75
Central Poly Corporation Linden, New Jersey	$253,271.50
Mid American Chemical Round Rock, Texas	$280,162.50
All American Poly Piacataway, New Jersey	$213,537.90*

*Did not meet specification. Vendor could not meet delivery requirements as outlined in the solicitation documents.

A complete bid tabulation is available in the Purchasing Office.

PRICE ANALYSIS

a. Adequate competition.
b. Seven notices were sent. There were no known MBEs/WBEs listed for this commodity code. Twelve solicitations were issued. Six bids were received.
c. The current bid pricing represents an approximate 20% increase from the last contract awarded in April 2004. This is due to the rising cost of petroleum, which is a major component in the production of plastic liners.

APPROVAL JUSTIFICATION

a. Lowest bid meeting specification.
b. Departments concur with the recommended award.
c. Advertised in the Austin American-Statesman and the Internet.

Canales, Joe

From: Moheet, Perwez
Sent: Friday, May 20, 2005 4:28 PM
To: Canales, Joe
Cc: Lippe, Chris
Subject: RE: Utility rate option comparison

Joe,

As we spoke earlier today, if you compare to the Utility's ending balance at the end of the 5-year rate forecast, you will find that the ending balance amount is almost identical ($24.4 million versus $24.3 million). In other words, the ending balance would clearly show if one option generated "excess" net revenues than the other.

Since our phone conversation, I have spoken with both Vickie and Greg and they now have a better understanding of the dynamics between the two options. If one only looks at the revenue line, I can see why they would conclude that one option generates more revenues than the other. In order to get a precise financial picture, one must analyze revenues and requirements as a whole when comparing the two options to determine if one generates more excess net revenues for the system than the other. What complicates this comparative analysis further is the fact that there are changes or adjustments being made between the two options such as for additional loss in revenues in the current year due to excessive rainfall, changes in projected requirements for debt service (interest rate changes and CIP prioritizations) and updated O&M.

After my discussions with Vickie and Greg, they both indicated that they understood my explanations and that they would draft something for Toby to review this weekend.

Forecasts have been a Catch-22 for us as an enterprise for as long as I can remember. We get in trouble if we don't update our forecast when we knew things had changed and then we get in trouble for changing the numbers because they are no longer the same as the previous forecast. Given the nature and dynamics of our business, forecasts are bound to change; up or down. We just have to minimize the frequency of the updates to lessen the confusion. Please let me know if you have any questions or need additional information.

Thanks for listening.

Perwez

From: Canales, Joe
Sent: Friday, May 20, 2005 10:17 AM
To: Moheet, Perwez
Cc: Lippe, Chris
Subject: Utility rate option comparison

Perwez, any progress on the comparison of rate options and the fact that neither generates more than the other.
thanks
joe