



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

**AGENDA ITEM NO.: 47
AGENDA DATE: Thu 09/30/2004
PAGE: 1 of 2**

SUBJECT: Authorize execution of a 12-month supply agreement with HUGHES SUPPLY INC., Austin, TX, for the purchase of ductile iron pipe and PVC water pipe in an amount not to exceed \$101,085.20, with two 12-month extension options in the amount not to exceed \$101,085.20 per extension option, for a total agreement amount not to exceed \$303,255.60.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$101,085.20 is available in the Fiscal Year 2004-2005 Approved Operating Budget of the Austin Water Utility. Funding for the 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 Water Utility; **AUTHORIZATION:** Vickie Schubert

FOR MORE INFORMATION CONTACT: Stephen T. Aden, Supervising Senior Buyer, 974-2021

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: One bid 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 supply agreement is for ductile iron pipe and PVC water pipe for the Austin Water Utility. The ductile iron pipe ranges in sizes from 4 to 36 inches in diameter and the PVC water pipe ranges in sizes from 4 to 12 inches in diameter. The pipe is used for new water line installation, emergency repair and routine maintenance / replacement. The pipe will be stocked at the Austin Water Utility's Webberville Service Center to ensure an adequate supply of inventory.

MBE/WBE solicited: 1/1

MBE/WBE bid: 0/0



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BID TABULATION

Ductile Iron Pipe and PVC Water Pipe
(14 Line Items)
IFB No. SA04100064

VENDOR

TOTAL COST

**Hughes Supply Inc.
Austin, TX**

\$101,085.20

PRICE ANALYSIS

- a. Only bid received. The reason only one bid was received can be attributed to the fact that many users in the industry are increasingly using PVC instead of cast iron. This would indicate that suppliers of cast iron are diminishing as well as bidders for the product. In addition, the prices for PVC pipe are unstable and few bidders are willing to hold their prices for more than a few months.
- b. Eighteen notices were sent including one MBE and one WBE. One bid was received.
- c. In comparison with the previous contract awarded in August 2003, the total amount of this contract reflects an average increase 23% in cost for ductile iron pipe and a 24% increase in cost for PVC water pipe to the City. Increased cost for the ductile iron pipe can be attributed to the rising cost of iron and other metals and the reduction in quantities from the previous contract. The increase in cost for PVC can be attributed to the high demand for the product.

APPROVAL JUSTIFICATION

- a. Only Bidder.
- b. The Austin Water Utility concurs with the recommendation.
- c. Advertised in the Austin American-Statesman and Internet.