

## AGENDA



Thursday, June 24, 2010

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 62**

**Subject:** Authorize award and execution of a 36-month requirements supply contract with MCKESSON MEDICAL-SURGICAL INC., Richmond, VA to provide medical supplies in an estimated amount not to exceed \$782,600, with three 12-month extension options in estimated amounts not to exceed \$371,520 for the first extension option, \$445,824 for the second extension option, and \$534,989 for the third extension option, for a total estimated contract amount not to exceed \$2,134,933.

**Amount and Source of Funding:** Funding in the amount of \$33,333 is available in the Fiscal Year 2009-2010 Operating Budget of the Health and Human Services Department. Funding in the amount of \$2,500 is available in the Fiscal Year 2009-2010 Operating Budget of the Austin Fire Department. Funding for the remaining 34 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:** Colleen Athey, Buyer I, 972-4012

**Purchasing Language:** Best-value bid of three 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.

This contract will provide medical supplies for the Health and Human Services Department (HHSD) and the Austin Fire Department (AFD).

HHSD and AFD manage numerous facilities throughout Austin that require medical supplies including the WIC Clinics, Neighborhood and Community Centers, the Refugee Clinic, the STD/TB Clinic, the HIV Clinic, and the AFD Wellness Center.

Orders for medical supplies will be placed using a "just-in-time" ordering process. Orders will be placed online utilizing the stockless inventory system that HHSD has had in place since 1993. The Vendor's online ordering system allows each location to view the entire McKesson Medical-Surgical, Inc.'s catalog, track order history, run spend reports, view invoices, check availability of items, and manage inventory.

In order to determine the best value to the City, evaluation criteria included cost, the Vendor's website, ordering, and inventory management system, the range of products offered, and the restocking fee.

MBE/WBE solicited: 3/0                      MBE/WBE bid: 0/0

**PRICE ANALYSIS**

- a. Adequate Competition.
- b. Sixty-six notices were sent, including three MBEs. Three bids were received, with no response from the MBEs.
- c. The pricing offered represents a 4% increase to the last contract award in July 2005.

#### APPROVAL JUSTIFICATION

- a. Best evaluated bid of three bids received. McKesson Medical-Surgical Inc. is the current provider of these products.
- b. The Purchasing Office concurs with the Health and Human Services Department and the Austin Fire Department's recommended award.
- c. Advertised in the Austin American-Statesman and on the Internet.