



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

**AGENDA ITEM NO.: 40
AGENDA DATE: Thu 07/28/2005
PAGE: 1 of 2**

SUBJECT: Authorize execution of a 12-month supply agreement with MCKESSON MEDICAL-SURGICAL INC., Richmond, VA, for the purchase of disposable medical supplies for the Community Care Services Department and Health and Human Services Department in amounts not to exceed \$500,000 and \$175,000 respectively, with four 12-month extension options in amounts not to exceed \$500,000 and \$175,000 respectively per extension option, for a total agreement amount not to exceed \$3,375,000.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$83,333 is available in the Fiscal Year 2004-2005 Approved Operating Budget of the Community Care Services Department. Funding in the amount of \$29,166 is available in the Fiscal Year 2004-2005 Approved Operating Budget of the Health and Human Services Department. Funding for the remaining 10 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 Purchasing	DIRECTOR'S
DEPARTMENT: for Health and Human	AUTHORIZATION: <u>Vickie Schubert</u>
Services; Community	
Care Services;	

FOR MORE INFORMATION CONTACT: Corliss Miller, Buyer II/972-4017

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Lowest bidder meeting specifications.

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 will maintain a stockless inventory system that has been in use since 1993, for disposable medical supplies used by the Community Care Services Department (CCSD) and the Health and Human Services Department (HHSD). Disposable medical supply items such as gloves, bandages, lancets, needles and syringes will be covered under this agreement.

By combining the purchases of medical supplies and equipment for 31 clinics, the City can take advantage of large volume discounts for both CCSD and HHSD. Expenditures for the previous twelve month period for both departments totaled approximately \$675,000. Orders for supplies will be placed using a "just-in-time" ordering process. Orders can be placed on a weekly basis by each clinic, which will meet the individual needs of each location.

The supply contract will provide a 20% percent discount on all items purchased from the McKesson catalog. The departments will be able to utilize McKesson's on-line ordering system, view a comprehensive online catalog, place orders on-line, check inventory availability, and check order status.



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

**AGENDA ITEM NO.: 40
AGENDA DATE: Thu 07/28/2005
PAGE: 2 of 2**

MBE/WBE Solicited: 6/5

MBE/WBE Bid: 0/0

**BID TABULATION
IFB # CO05100014
DURABLE MEDICAL SUPPLIES FOR CCSD AND HHSD
Based on a sampling of 138 common items**

<u>VENDOR NAME</u>	<u>BID TOTAL</u>	<u>DISCOUNT FROM CATALOG</u>
McKESSON MEDICAL-SURGICAL INC. RICHMOND, VA	\$293,489.36	20%
Buy Indian Medical* Hansford, CA	\$211,502.78	29%

* Bidders were required to provide pricing for all representative sample items as well as an overall discount from their catalog publish price list. Buy Indian Medical was considered non-responsive since it did not provide pricing for all of the representative items.
A complete bid tabulation is available in the Purchasing Office.

PRICE ANALYSIS

- a) Adequate competition.
- b) Sixty notices were sent, including six MBEs and five WBEs. Two bids were received. Three No-Bids were received. One late bid received. No MBE/WBEs responded.
- c) The current pricing represents an approximately 8% increase from the last contract award made May 2002.

APPROVAL JUSTIFICATION

- a) Lowest bidder meeting specification
- b) CCSD and HHSD departments concur with the recommended award.
- c) Advertised in the Austin American-Statesman and on the Internet.