

AGENDA ITEM NO.

COUNCIL MEETING

APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER

April 17, 2007

FROM: RENE A. RAMIREZ, Director *WR*
Department of Public Utilities - Administration

BY: GARTH GADDY, Provisional Manager *GRG*
Department of Public Utilities - Water Division

SUBJECT: AWARD CONTRACT TO BOC GASSES IN THE AMOUNT OF \$146,258.62 FOR BULK LIQUID OXYGEN (BID FILE 8877)

KEY RESULT AREA

Resource Management

RECOMMENDATION

Staff recommends that the City Council award a one-year requirements contract with provisions for two one-year extensions to BOC Gasses, of Murray Hill, New Jersey, in the amount of \$146,258.62 for Bulk Liquid Oxygen.

EXECUTIVE SUMMARY

The Department of Public Utilities, Water Division, is seeking to establish a requirements contract for Bulk Liquid Oxygen. Staff recommends award of a requirements contract to BOC Gasses in the amount of \$146,258.62. This contract spans fiscal years, with a portion of the funds budgeted for the remainder of this fiscal year. Purchases in FY08 will be made at contract pricing and included in the proposed FY08 Budget.

KEY OBJECTIVE BALANCE

This contract, which provides for the delivery of Bulk Liquid Oxygen to the Surface Water Treatment Facility, supports the three focus areas of Customer Satisfaction, Employee Satisfaction and Financial Management. Bulk Liquid Oxygen is used in the disinfection process of water, providing quality potable water to customers. A requirements contract for Bulk Liquid Oxygen guarantees pricing for a calendar year.

BACKGROUND

The Surface Water Treatment Facility uses ozone as its primary disinfectant. Oxygen is utilized on-site to generate the ozone. Without this product, the facility will be unable to meet state and federal disinfection standards and, therefore, unable to process water.

Specifications for a contract for Bulk Liquid Oxygen were prepared based upon estimated annual usage.

REPORT TO THE CITY COUNCIL

Bulk Liquid Oxygen

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A Notice Inviting Bids was published in the Business Journal on January 26, 2007, and was also posted on the City's web site. The specifications were distributed to ten prospective bidders. Three sealed bid proposals were received and opened in a public bid opening on February 20, 2007. Bid proposal prices ranged from \$146,258.62 to \$1,729,552.19.

The large disparity in bid amounts is apparently the result of the two higher bidders incorrectly stating their unit prices; consequentially, their total bid amounts are significantly overstated. As per the bid specifications, the unit price takes precedence over the extended totals and requires that the bids be evaluated at the overstated amounts.

BOC Gasses of Murray Hill, New Jersey, submitted the lowest bid price in the amount of \$146,258.62 and is considered the lowest responsive and responsible bidder. The Staff Determination of Award was posted on the City's website on April 9, 2007.

The proposed contract pricing is 3.8% below current contract pricing.

Funding for this project is included in the FY07 Budget.

Council may:

- 1) Award a contract in the amount of \$146,258.62 to BOC Gasses.
- 2) Reject bid. If bid is rejected, the project will be re-bid, resulting in a delay of approximately sixty (60) days.

FISCAL IMPACT

See attached Fiscal Impact Statement

Attachment:

- Fiscal Impact Statement
- Evaluation of Bid Proposals

FISCAL IMPACT STATEMENT

PROGRAM: Surface Water Treatment Facility O&M

<u>RECOMMENDATION</u>	<u>TOTAL OR CURRENT</u>	<u>ANNUALIZED COST</u>
Direct Cost	<u>\$54,000</u>	<u>\$146,258.62</u>
Indirect Cost	_____	_____
TOTAL COST	<u>\$54,000</u>	<u>\$146,258.62</u>
Additional Revenue or Savings Generated	_____	_____
Net City Cost	<u>\$54,000</u>	<u>\$146,258.62</u>
Amount Budgeted (If none budgeted, identify source)	<u>\$56,830.36</u>	<u>\$168,910.76</u>

Remarks:

EVALUATION OF BID PROPOSALS

FOR: REQUIREMENTS CONTRACT FOR BULK LIQUID OXYGEN (LOX)

Bid File No. 8877
Bid Opening: 2/20/07

BIDDERS	TOTAL NET BID AMOUNT
1. BOC GASSES 575 Mountain Ave Murray Hill, NJ 07974	\$146,258.62
2. GILMORE LIQUID AIR 9503 E Rush St So El Monte, CA 91733	\$1,414,126.98
3. AIRGAS 6790 Florin Perkins Rd Sacramento, CA 95828	\$1,729,552.19

Each bidder has agreed to allow the City sixty-two (62) days from date bids are opened to accept or reject their bid proposal. Purchasing requests that you complete the following sections and return this bid evaluation to the Purchasing Division at the latest by Wednesday, March 21, 2007 5:00 P.M.

The current contract pricing is 3.8% below the previous contract pricing (per unit). If the overage is greater than 10% or only one bid was received, give explanation:

BACKGROUND OF PROJECT (To be completed by Evaluating Department/Division. Explain need for project/equipment):

The surface water treatment facility uses ozone as its' primary disinfectant. It utilizes oxygen to generate the ozone onsite. Without this product, the facility will not be able to meet state and federal disinfection standards and will therefore not be allowed to process water.

