



AGENDA MEMORANDUM

Future Item for the City Council Meeting of February 12, 2013
Action Item for the City Council Meeting of February 26, 2013

DATE: February 12, 2013

TO: Ronald L. Olson, City Manager

FROM: Michael Barrera, Assistant Director of Financial Services
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Hot Tap Fittings

CAPTION:

Motion approving a supply agreement with M.T. Deason Company, Inc., Birmingham, Alabama for hot tap fittings in accordance with Bid Invitation No. BI-0052-13 based on only bid for an estimated annual expenditure of \$69,257.50, of which \$40,400.21 is required for the remainder of FY 2012-2013. The term of the agreement shall be for twelve (12) months with options to extend for up to two (2) additional twelve-month periods, subject to the approval of the supplier and the City Manager or designee. Funds have been budgeted by the Gas Department in FY 2012- 2013.

PURPOSE:

The fittings are used for tapping into existing pressurized natural gas lines in order to block off a section of line in need of repair or to add an additional line for new gas service.

BACKGROUND AND FINDINGS:

The option to extend the previous contract was not exercised due to the vendor's unwillingness to extend the contract without a 21% price increase. Re-bidding the commodity resulted in a price increase of only 5%.

ALTERNATIVES:

Not applicable.

OTHER CONSIDERATIONS:

Not applicable.

CONFORMITY TO CITY POLICY:

This purchase conforms to the City's purchasing policies and procedures and State statutes regulating procurement.

EMERGENCY / NON-EMERGENCY:

Non-emergency.

DEPARTMENTAL CLEARANCES:

Gas Department

FINANCIAL IMPACT:

Operating

Revenue

Capital

Not applicable

Fiscal Year: 2012-2013	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$359,382.55	\$28,857.29	\$388,239.84
Encumbered / Expended Amount		\$122,374.18	\$0	\$122,374.18
This item		\$40,400.21	\$28,857.29	\$69,257.50
BALANCE		\$196,608.16		\$196,608.16

Fund(s): Gas Fund

Comments: The \$40,400.21 financial impact shown above represents seven months of expenditures that will be encumbered through the end of this fiscal year. The remaining \$28,857.29 for the last five months of the contract will be requested during the normal FY 2013/2014 budget approval process.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Bid Tabulation