

**WEST BASIN MUNICIPAL WATER DISTRICT**

**OCTOBER 6, 2004 - Water Resources**  
 Little, Kwan

**OCTOBER 25, 2004 - Board Meeting**

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Approved by: Richard Nagel

**ACTION CALENDAR**

**SUPPLY AND DELIVERY OF CARBON DIOXIDE**

**SUMMARY:**

This item was originally agendized to the September 2004 Board meeting. Per the direction of the Board, it is being reconsidered this month.

**September 2004 Board Meeting**

Airgas Dry Ice (Airgas) appeared before the Board last month to register a formal protest the award of the carbon dioxide contract to another vendor.

**District's History with Airgas**

A review of District records shows that Airgas (also previously known as Carbonic Products) had been the District's uninterrupted supplier of carbon dioxide from 1994 to 2003. Through the formal solicitation and low-bid process, in 2003 Airgas lost the business to the District's current product supplier, BOC Gases.

**August 13, 2004 Bid on Carbon Dioxide**

Through the formal solicitation process, staff sent out a "Request for Bids" (RFB) for the supply and delivery of carbon dioxide. In response to the RFB, the District received one bid, from Airgas (see Exhibit "A"). The District's current carbon dioxide supplier BOC Gasses did not submit a response. File records show that a copy of the RFB was sent to BOC by regular mail. In a post-bid telephone interview, BOC stated that they did not submit a bid because they didn't know about the bid.

Given the circumstance that only one bid was received, staff believed that it was in the best interest of the District to reject all bids and exercise its authority to re-bid.

**August 24, 2004 Re-bid on Carbon Dioxide**

Through the re-bid process, the District received two bids as follows (units are in price per ton):

<b>Bidder</b>	<b>BOC</b>	<b>Airgas</b>
a. Materials/Transportation	(left blank)	\$64.50
b. Sales Tax	(left blank)	(left blank)
c. Other Fees	\$ 0.00	(left blank)
Total to be Billed (a+b+c)	\$ 62.00	(left blank)

Adding 8.25% tax to Airgas' bid, the lowest possible bid by Airgas would be \$69.82. With or without the addition of sales tax to Airgas' bid, BOC's bid price is lower. Copies of both original bids are attached as Exhibit "B."

### **Is the District Required to Pay Sales Tax?**

It is staff's understanding that the District is not exempt from paying sales tax in the case of chemical purchases. However, the issue was brought to the attention of the District's Legal Counsel for verification. Staff and Legal Counsel will provide an analysis of the sales tax requirements at the October 25, 2004 Board meeting.

### **Historical Carbon Dioxide Usage – 224 tons per month**

During FY 2003-04, the District ordered approximately 2,685 tons of carbon dioxide – an average of 224 tons per month.

### **Projected Carbon Dioxide Usage**

Carbon dioxide demand is expected to remain at the historical average or 224 tons per month. However, sometime before the end of the proposed contract term, in spring 2006, demand for carbon dioxide will cease as the Phase IV Improvements come on-line. Considering these two factors, the estimated tonnage required over the duration of the contract ranges from 3,500 to 4,000 tons. A contract awarded in the amount of \$250,000 will cover the high end of the range. Total actual payments will be based on the actual amount of product delivered.

### **FISCAL IMPACTS:**

Funds are available in the Operations and Maintenance budget for fiscal years 2004-05 and 2005-06.

### **ENVIRONMENTAL COMPLIANCE:**

Not required.

### **COMMITTEE STATUS:**

This item was reviewed by the Water Resources Committee on October 6, 2004 and recommended for approval at the October 25, 2004 Board meeting.

### **RECOMMENDED MOTION:**

That the Board authorizes the Co-Acting General Managers to enter into an agreement with BOC Gases to supply and deliver carbon dioxide through June 30, 2006 at a price of \$62.00 per ton, for a not-to-exceed contract amount of \$250,000.

### **EXHIBITS:**

Exhibit "A" - Airgas' August 13, 2004 bid  
Exhibit "B" - BOC and Airgas' August 24, 2004 re-bid