

**INDIAN RIVER COUNTY
OFFICE OF MANAGEMENT AND BUDGET
PURCHASING DIVISION**

DATE: March 21, 2023

TO: BOARD OF COUNTY COMMISSIONERS

THROUGH: Michael C. Zito, Interim County Administrator
Kristin Daniels, Director, Office of Management and Budget

FROM: Jennifer Hyde, Purchasing Manager

SUBJECT: Termination of Bid 2023024 – Annual Bid for Bulk Carbon Dioxide for Water Treatment Plants

BACKGROUND:

On March 7, 2023, the Board awarded bid 2023024 to Airgas USA (“Airgas”), who was the sole responsive bidder, and who volunteered when contacted to negotiate price, to match the bid price of \$0.23 per pound, submitted by the non-responsive bidder, Matheson Tri-Gas, Inc. (“Matheson”). Bulk Carbon Dioxide is used at both the North and South County RO Plants as part of the water treatment process.

After notice of award was made, Airgas requested modification to terms and conditions of sale. Staff worked diligently to arrive at mutually-acceptable terms, ensuring the interests of both parties were preserved.

During their final review of the negotiated terms and conditions, Airgas indicated they will also require additional delivery fees, and hazardous materials fees (at a minimum of \$200 per delivery, per plant) above the \$0.23 per pound price. Airgas also wants access to deliver at our plants 24 hours a day and/or to place telemetry monitors on the County’s tanks to measure product levels at will, or the County will face an additional \$65 per delivery “restricted access” fee. Airgas did present an alternate to the restricted access fee, which would require plant staff to report tank levels to Airgas weekly by email.

DISCUSSION:

Based on the number of deliveries of carbon dioxide received last year, the requested increase in total cost of the award, above what the Board approved, is three percent. During the negotiation process, Staff came to understand that Airgas interprets our use of purchase orders to facilitate ordering and payment, to override the scope and terms of the bid and its award, and therefore we expect they will continue to request modifications to terms and costs throughout the initial term of the award. This negates the value of having awarded a bid with the anticipation of firm fixed prices, scope of work, and terms. Staff believes it to be in the County’s best interest to terminate the award of the bid to Airgas.

Staff has identified a piggyback-eligible bid, awarded to Matheson by the City of Edgewater, that would enable us to obtain product as needed, and on more favorable and stable terms, although at a higher cost. Matheson has been providing Carbon Dioxide to the County under various piggyback agreements for several years, and Staff has been highly satisfied with their service.

The three options available and the annual cost estimate for each are detailed in the table below. Other pricing considered at the time of award is provided in the gray boxes.

Firm	Source	Price per Pound	Annual cost for 2,128,000 pounds
Airgas USA	Actual bid submitted	\$0.265	\$563,920
Matheson Tri-Gas, Inc.	Edgewater Bid	\$0.249	\$529,872
Airgas USA	Award modified for delivery fees and restricted access fee	\$0.237	\$504,336
Airgas USA	Award modified for delivery fee	\$0.235	\$500,080
Airgas USA	Negotiated and Awarded Bid	\$0.23	\$489,440
Matheson Tri-Gas, Inc.	Disqualified Bid	\$0.23	\$489,440

Staff would like to piggyback the City of Edgewater bid in the short term, and rebid at a later date, specifying that no telemetry will be added to the County’s tanks, detailing terms and conditions that are inclusive of some of the chemical safety terms and conditions that were not in the existing bid, and utilizing a formal agreement, rather than purchase orders.

FUNDING:

Funds in the amount of \$229,000 for anticipated need for the remainder of the fiscal year will come from the Utilities/Water Production/Chemicals Account, 47121936-035230, in the operating fund. Operating funds are derived from water and sewer sales.

Description	Account Number	Amount
Utilities/Water Production/Chemicals	47121936-035230	\$229,000

RECOMMENDATION:

Staff recommends the Board reject the award of bid 2023024 to Airgas USA, and authorize staff to rebid, and piggyback the City of Edgewater bid in the interim.