



Legislation Text

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Report regarding a resolution approving purchase agreements for the furnishing of bulk process chemicals at the Water Quality Control Plant for the fiscal year 2020-21; and authorizing the City Manager to execute the necessary agreements. (*Brian Schumacker, Water Quality Control Plant Superintendent*).

RECOMMENDATION

Staff recommends that the City Council adopt a resolution approving the purchase agreements for the furnishing of bulk process chemicals for wastewater treatment for the fiscal year 2020-21 and authorize the City Manager to execute the necessary agreements.

BACKGROUND/DISCUSSION

Bulk quantities of chemicals are routinely used in several different processes to treat wastewater at the South San Francisco-San Bruno Water Quality Control Plant (WQCP). These bulk chemicals include disinfectants used to remove potential pathogens, coagulants used to remove solids, and chemicals used to neutralize chlorine during dechlorination. The City's practice is to procure these chemicals at the beginning of the fiscal year to establish guaranteed competitive prices for the entire fiscal year. Bulk suppliers deliver chemicals as needed to meet treatment demands.

Section 4.04.040 of the South San Francisco Municipal Code (SSFMC) authorizes the City to take advantage of valid contract terms that have been negotiated by another governmental agency, where that agency had used a quote or bid process substantially conforming with SSFMC Chapter 4.04 and State law. The WQCP is a member of the Bay Area Chemical Consortium (BACC), along with over sixty participating public agencies. The BACC follows an open bid process for the combined purchase of bulk chemicals. Each member agency of the BACC receives a benefit of large quantity purchase pricing by integrating the volume of their agency's chemical needs with the needs of the rest of the consortium. Due to the combined bid solicitations for these agencies, each agency can purchase the chemicals at a lower price than if each agency solicited bids separately. Staff cannot precisely calculate as to the savings an agency receives by ongoing participation in the consortium; however, new members have generally reported a savings of up to 20 percent on chemical purchases after becoming a member of the BACC. Consistent with SSFMC 4.04.040, the City can rely on BACC negotiations for this procurement.

Due to the COVID-19 health emergency, the BACC negotiated to extend pricing with the previous fiscal year's low bidders per bid document stipulations (Section 4.11):

The term of the contract between the respective BACC agency and the successful bidder will be twelve (12) months commencing July 1, 2019, and expiring June 30, 2020, with an option to extend the contract on a year-to-year basis, not to exceed three (3) yearly renewals if conditions and service are

satisfactory to both the respective BACC agency and the successful bidder. The price for any succeeding periods of service shall be determined by negotiation between the respective BACC agency and the successful bidder.

The BACC recommends awarding bulk chemical purchase agreements to the following companies based on pricing negotiations indicated below:

Lowest Bidder	Item	Unit Cost
Univar USA, Inc.	Sodium Hypochlorite (12.5 percent),	\$0.698/gallon
Univar USA, Inc.	Sodium Bisulfite (25 percent),	\$1.135/gallon
Thatcher Company	Ferric Chloride (43 percent),	\$1.95/gallon

City staff has reviewed these price quotes and concurs with the BACC recommendation. Each company agreed to honor the previous fiscal year's pricing, except for Thatcher. Thatcher's price increased from \$1.86 to \$1.95 per gallon because of the increased cost of raw materials.

The BACC no longer facilitates the bidding process for the polymer. Staff successfully negotiated a bulk rate discount for polymer into FY 2020-21 for Polymers WE-527 and WE-983. Polydyne honored the previous fiscal year's pricing.

Vendor	Item	Unit Cost
Polydyne	Polymer WE-984	\$10.880/gallon
Polydyne	Polymer WE-527	\$10.710/gallon

RELATIONSHIP TO THE STRATEGIC PLAN

The Water Quality Control Plant (WQCP) Division promotes public health and environmental stewardship. Continuing to fund bulk chemical purchases positively affects the quality of life for South San Francisco residents by protecting public health and safety.

FISCAL IMPACT

Plant management includes the cost for the purchase of bulk chemicals in the WQCP's annual operating budget. Specific quantities of bulk chemicals vary depending upon the occurrence of winter storms. Actual chemical use fluctuates. Plant management based chemical use forecasts on historical peak demand. The anticipated total cost for bulk chemicals (including sales tax) for FY 2020-21 is \$1,204,235 (please see Attachment A for the cost breakdown). These estimated amounts are calculated based on single year highest use.

CONCLUSION

The WQCP routinely utilizes bulk quantities of chemicals for the treatment of wastewater. The WQCP is a member of the BACC and participates in bidding for the purchase of three chemicals necessary for the treatment of wastewater. Following the BACC's recommendations, the WQCP has drafted purchase agreements to procure the chemicals for FY 2020-21. Approval of the attached resolution will allow for the execution of the

contracts and the continued reliable operation of the WQCP.

Staff recommends that the City Council adopt a resolution approving the purchase agreements for the furnishing of bulk process chemicals for wastewater treatment for fiscal year 2020-21 and authorize the City Manager to execute the necessary agreements.

Attachments:

1. Attachment A - Cost Breakdown for Bulk Chemicals for FY 2020-2021