

STAFF REPORT



ITEM NO. *10*
CITY OF OCEANSIDE

DATE: August 7, 2013
TO: Honorable Mayor and City Councilmembers
FROM: Water Utilities Department
SUBJECT: **FY 2013-14 CHEMICAL PURCHASES**

SYNOPSIS

Staff recommends that the City Council approve annual purchase orders for the purchase of chemicals in amounts over \$50,000 from various Water Utilities Department funds; and authorize the Financial Services Director, or designee, to execute the annual purchase orders for FY 2013-14.

BACKGROUND

Each fiscal year the City's Water Utilities staff estimates the quantity of water and wastewater treatment chemicals required for operations. Staff issued Requests for Proposals (RFPs) for these items to ensure the widest possible vendor audience was reached. Proposals were reviewed and a vendor or supplier selected on the criteria of best product provided for the needed purpose at the lowest price. Two RFPs were issued this year, one for wastewater treatment dewatering polymer, and the other for water and wastewater treatment chemicals.

ANALYSIS

Staff is requesting approval of open purchase orders based on the estimate of the amount of chemical that will be purchased for the fiscal year. Chemicals are an integral part of the water and wastewater treatment processes. Because of this fact, staff has already initiated purchase orders for these chemicals under the City Manager's signature authority (\$50,000). Staff is requesting Council approve increasing the purchase orders already established to meet the City's needs for the remainder of the fiscal year.

For chemicals, 22 (twenty-two) different items were included in the RFP, and 14 (fourteen) vendors provided pricing for various items. A separate RFP was issued for wastewater dewatering polymer for the San Luis Rey and La Salina Wastewater Treatment Plant. Finally, two chemicals, Ferric Chloride, and Trioxyn, used for odor control in various wastewater applications, were competitively procured by other jurisdictions, and staff is using the provisions of 28A.24(b) of the Oceanside City Code, allowing cooperative purchasing, to procure these items at a fair price to the City. Staff is requesting approval for the following purchase orders as outlined in Table 1 below.

Table 1

Vendor	Chemical	Procurement Method	Account Number	Requested P.O. Total
AH Water	Tryoxyn	Cooperative	800803721.5355.0002	\$55,000
Airgas	Ammonium Hydroxide	RFP	750754711.5355.0002	\$57,500
Airgas	Ammonium Hydroxide	RFP	750755711.5355.0002	\$58,975
Ashland	Polymer-La Salina	RFP	800804721.5355.0002	\$86,400
Brenntag	Chlorine Tabs	RFP	800803721.5355.0002	\$20,000
Brenntag	Chlorine Tabs	RFP	800804721.5355.0002	\$10,600
Brenntag	Sodium Hydroxide	RFP	750754711.5355.0002	\$50,500
CWT	Ferric Chloride	Cooperative	800805721.5355.0002	\$356,000
JCI Jones	Chlorine	RFP	750754711.5355.0002	\$52,500
Miles Chemical	Ferrous Chloride	RFP	800804721.5355.0002	\$38,000
Olin Chlor-Alkali	Sodium Hypochlorite	RFP	750755711.5355.0002	\$45,525
Olin Chlor-Alkali	Sodium Hypochlorite	RFP	750755711.5355.0002	\$67,500
Olin Chlor-Alkali	Sodium Hypochlorite	RFP	800804721.5355.0002	\$25,400
Polydyne	Cationic Polymer	RFP	750754711.5355.0002	\$46,500
Polydyne	Polymer & Alum SLR	RFP	800805721.5355.0002	\$250,000
Siemens	Calcium Nitrate	RFP	800805721.5355.0002	\$375,000
Solvay Rhodia	Ammonium Sulfate	RFP	750754711.5355.0002	\$50,000
Univar	Hydrochloric Acid	RFP	750755711.5355.0002	\$127,010
Univar	Sodium Hydroxide	RFP	800803721.5355.0002	\$27,250
Univar	Sodium Hydroxide	RFP	800805721.5355.0002	\$17,500
Univar	Sodium Hypochlorite	RFP	750754711.5355.0002	\$23,400
Univar	Sodium Hypochlorite	RFP	800803721.5355.0002	\$15,000
Univar	Sulfuric Acid	RFP	750754711.5355.0002	\$12,000
US Peroxide	Ferrous Chloride	RFP	800805721.5355.0002	\$377,200
US Peroxide	Hydrogen Peroxide	RFP	750755711.5355.0002	\$49,550
US Peroxide	Hydrogen Peroxide	RFP	800805721.5355.0002	\$252,000
US Peroxide	Hydrogen Peroxide	RFP	800804721.5355.0002	\$75,000
Total				\$2,621,310

As noted above, Requests for Proposals were issued for the chemicals indicated. Proposals were received and reviewed by staff, and the proposals which best met the Department's needs for the items indicated are being recommended for purchase orders. Additionally, California Water Technologies (Ferric Chloride) and AH Water (Tryoxyn) are suppliers to other water agencies, and staff is recommending using their pricing agreements under section 28A.24(b) of the Oceanside City Code, allowing cooperative purchasing.

Both RFPs offer the opportunity for the City and the Vendor to agree to extend pricing for one additional year at the same terms and pricing, under mutual agreement. Staff will work with the selected suppliers to determine if this is feasible for FY 2014-15 when developing that year's RFP.

FISCAL IMPACT

The total cost of encumbering these funds in FY 2013-14 will be \$2,621,310. In anticipation of these purchases, the Department has budgeted sufficient funds to cover these purchases in the fiscal year 2014-15 budget. Table 2 below shows the specific

budgetary impacts to each business unit. Where surplus funds exist, they will be used in the event that production or chemical usage is higher than anticipated.

Table 2

Business Unit	Total Budget for Chemicals	Total Anticipated Expenditure	Projected Surplus
750754711.5355.0002	\$ 329,000	\$ 292,400	\$ 36,600
750755711.5355.0002	\$ 309,000	\$ 281,060	\$ 27,940
800803721.5355.0002	\$ 132,000	\$ 117,250	\$ 14,750
800804721.5355.0002	\$ 257,500	\$ 235,400	\$ 22,100
800805721.5355.0002	\$1,695,200	\$ 1,695,200	\$ 0
Totals:	\$2,722,700	\$ 2,621,310	\$ 101,390

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

Purchases must comply with bid requirements set forth in Chapter 28A of the City Code.

RECOMMENDATIONS

Staff recommends that the City Council approve annual purchase orders for the purchase of chemicals in amounts over \$50,000 from various Water Utilities Department funds; and authorize the Financial Services Director, or designee, to execute the annual purchase orders for FY 2013-14.

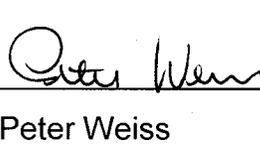
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