

STAFF REPORT



ITEM NO. 9 CITY OF OCEANSIDE

DATE: June 25, 2014
TO: Honorable Mayor and City Councilmembers
FROM: Water Utilities Department
SUBJECT: **APPROVAL OF FY 2014-15 CHEMICAL PURCHASES**

SYNOPSIS

Staff and the Utilities Commission recommend 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 2014-15, and to authorize the Financial Services Director to adjust annual purchase orders between vendors without returning to Council, so long as the total of \$2,570,975 is not exceeded.

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. In most cases, chemical pricing was held over from FY 2013-14, but in a few cases, new RFPs were issued, either to take advantage of improved market conditions, or to rebid chemicals because vendors were unable to keep pricing at 2013-14 levels.

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.

Table 1 outlines the expected spending for chemicals for FY 14-15. It should be noted that these amounts are only estimates, based on past experience, current processes, and known pricing. It is possible that a particular process will require more (or less) of a particular chemical, and the spending may vary according. For this reason, staff is requesting authorization from Council to spend an amount not to exceed \$2,570,975, as noted below, with the flexibility to move money between vendors as consumption requires. Should additional spending over \$2,570,975 be required, staff will return to Council with a request for additional spending authority.

Table 1

Vendor	Chemical	Procurement Method	Account Number	Requested P.O. Total
Evoqua	Calcium Nitrate	RFP	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	\$70,000
Brenntag	Chlorine Tabs	RFP	800803721.5355.0002	\$30,000
Brenntag	Chlorine Tabs	RFP	800804721.5355.0002	\$10,000
Brenntag	Sodium Hydroxide	RFP	750754711.5355.0002	\$62,600
Kemira Water Solutions	Ferric Chloride	RFP	800805721.5355.0002	\$250,000
JCI Jones	Chlorine	RFP	750754711.5355.0002	\$52,500
Miles Chemical	Ferrous Chloride	RFP	800804721.5355.0002	\$39,000
JCI Jones	Sodium Hypochlorite	RFP	750755711.5355.0002	\$42,000
JCI Jones	Sodium Hypochlorite	RFP	800805721.5355.0002	\$95,000
JCI Jones	Sodium Hypochlorite	RFP	800804721.5355.0002	\$35,000
Polydyne	Cationic Polymer	RFP	750754711.5355.0002	\$61,500
Polydyne	Polymer & Alum SLR	RFP	800805721.5355.0002	\$327,000
Evoqua (formerly Siemens)	Calcium Nitrate	RFP	800805721.5355.0002	\$425,000
Solvay USA (formerly Solvay- Rhodia)	Ammonium Sulfate	RFP	750754711.5355.0002	\$60,000
Univar	Hydrochloric Acid	RFP	750755711.5355.0002	\$115,000
Univar	Sodium Hydroxide	RFP	800803721.5355.0002	\$17,500
Univar	Sodium Hydroxide	RFP	800805721.5355.0002	\$20,000
Univar	Sodium Hypochlorite	RFP	750754711.5355.0002	\$32,400
Univar	Sodium Hypochlorite	RFP	800803721.5355.0002	\$17,500
Univar	Sulfuric Acid	RFP	750754711.5355.0002	\$20,000
Pencoco	Ferrous Chloride	RFP	800805721.5355.0002	\$250,000
US Peroxide	Hydrogen Peroxide	RFP	750755711.5355.0002	\$45,000
US Peroxide	Hydrogen Peroxide	RFP	800805721.5355.0002	\$250,000
US Peroxide	Hydrogen Peroxide	RFP	800804721.5355.0002	\$72,500
Total				\$2,570,975

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.

FISCAL IMPACT

The total cost for the chemicals in FY 14-15 will be \$2,570,975. In anticipation of these purchases, the Department has budgeted sufficient funds to cover these purchases in the fiscal year 2014-15 budget. Table 2 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, and to fund chemical purchase from vendors for less than \$50,000.

Table 2

Business Unit	Total Budget for Chemicals	Total Anticipated Expenditure	Projected Surplus
750754711.5355.0002	\$ 504,000	\$ 346,500	\$ 157,500
750755711.5355.0002	\$ 293,000	\$ 260,975	\$ 32,025
800803721.5355.0002	\$ 132,000	\$ 120,000	\$ 12,000
800804721.5355.0002	\$ 257,500	\$ 226,500	\$ 31,000
800805721.5355.0002	\$1,685,000	\$ 1,617,000	\$ 68,000
Totals:	\$2,871,500	\$ 2,570,975	\$ 300,525

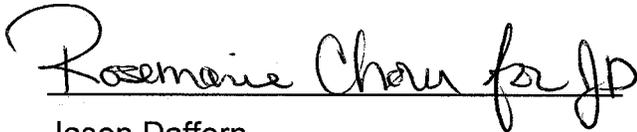
CITY ATTORNEY'S ANALYSIS

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

RECOMMENDATIONS

Staff and the Utilities Commission recommend 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 2014-15, and to authorize the Financial Services Director to adjust annual purchase orders between vendors without returning to Council, so long as the total of \$2,570,975 is not exceeded.

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