

AGENDA ITEM NO.

COUNCIL MEETING

APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER

May 1, 2007

FROM: RENE A. RAMIREZ, Director *RAM*
Department of Public Utilities - Administration

BY: GARTH GADDY, Provisional Manager *ERG*
Department of Public Utilities - Water Division

SUBJECT: REJECT ALL BIDS FOR REQUIREMENTS CONTRACT FOR ORTHO POLY
PHOSPHATE BLEND (BID FILE 8875)

KEY RESULT AREA

Resource Management

RECOMMENDATION

Staff recommends that the City Council reject all bids for a one-year requirements contract for Ortho Poly Phosphate Blend, because the one bid received is fifty-five percent (55%) increase over the previous contract. The contract will be re-bid in an effort to obtain greater bidder participation and lower pricing.

EXECUTIVE SUMMARY

The Department of Public Utilities, Water Division, is seeking to establish a requirements contract for Ortho Poly Phosphate Blend. Only one bid was received, and Staff recommends that it be rejected.

KEY OBJECTIVE BALANCE

This contract, which provides for the delivery of Ortho Poly Phosphate Blend to the Surface Water Treatment Facility, supports the three focus areas of Customer Satisfaction, Employee Satisfaction and Financial Management. Ortho Poly Phosphate Blend inhibits pipe corrosion in water distribution systems, thereby, extending their useful life for all users. A requirements contract for Ortho Poly Phosphate Blend guarantees pricing for a calendar year.

BACKGROUND

Ortho Poly Phosphate is used to condition the treated water from the Surface Water Treatment Facility in order to eliminate existing corrosion in the distribution system and protect pipes from future corrosion.

Specifications for a contract for Ortho Poly Phosphate Blend were prepared based upon estimated annual usage. A Notice Inviting Bids was published in the Business Journal on March 2, 2007, and on the City's web site. The specifications were distributed to fifteen prospective bidders. One sealed bid proposal was received and opened in a public bid opening March 22, 2007. The one proposal bid received was in the amount of \$199,861.73.

REPORT TO THE CITY COUNCIL

Ortho Poly Phosphate Blend

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Shannon Chemical of Malvern, Pennsylvania, submitted the one bid. However, Shannon Chemical's bid pricing is fifty-five percent (55%) above the current contract pricing. Other potential bidders were surveyed, as to why they did not bid, and it was discovered that most of them did not stock the product. One bid was received after the period of the bid opening. Another bidder (the current contractor holder) submitted a bid proposal in which bid pricing was inadvertently omitted.

Council may reject the one bid received, because the pricing is fifty-five percent (55%) over current pricing. The contract will be then be re-bid, and Staff will take measures to assure that a greater number of bids are received. Staff is confident that lower pricing can be achieved.

FISCAL IMPACT

N/A

Attachment:

-Evaluation of Bid Proposals

EVALUATION OF BID PROPOSALS

FOR: REQUIREMENTS CONTRACT FOR ORTHO POLY PHOSPHATE BLEND

Bid File No. 8875
Bid Opening: March 22, 2007

BIDDER'S	TOTAL NET BID AMOUNT
1. Shannon Chemical P.O. Box 376 Malvern, PA 19355	\$199,861.73

Each bidder has agreed to allow the City sixty-two (62) days from date bids are opened to accept or reject their bid proposal. Purchasing requests that you complete the following sections and return this bid evaluation to the Purchasing Division at the latest by Wednesday, April 18, 2007, 5:00 P.M.

The current contract pricing is 55% above the previous contract pricing. If the overage is greater than 10% or only one bid was received, give explanation:

At least part of the increase can be attributed to the large increase in fuel prices.

BACKGROUND OF PROJECT (To be completed by Evaluating Department/Division. Explain need for project/equipment):

Ortho/poly phosphate is used to condition the treated water from the SWTF in order to eliminate existing corrosion in the distribution system and also protects the pipes from future corrosion.

EVALUATION OF BID PROPOSALS

FOR: REQUIREMENTS CONTRACT FOR ORTHO POLY PHOSPHATE BLEND

Bid File No. 8875
Bid Opening: March 22, 2007

DEPARTMENT CONCLUSIONS AND RECOMMENDATION:

Award a contract in the amount of \$ _____
to _____
as the lowest responsive and responsible bidder.

Remarks:

Reject all bids. Reason: While the sole bidder was responsive, the 55% increase over previous contract pricing is considered to be excessive. There is a reasonable expectation that additional bids will be received through a future rebid, thereby, reducing the cost of this item.

Department Head Approval

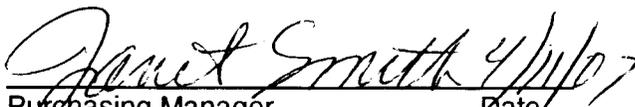


Title Director
Date 4/10/07

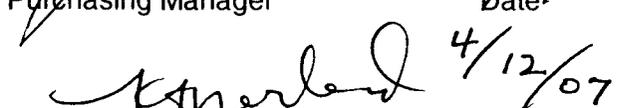
- | | |
|--|--|
| <input checked="" type="checkbox"/> Approve Dept. Recommendation | <input type="checkbox"/> Approve GSD/Purchasing Recommendation |
| <input type="checkbox"/> Disapprove | <input type="checkbox"/> Disapprove |
| <input type="checkbox"/> See Attachment | |

GENERAL SERVICES DEPARTMENT

CITY MANAGER



Purchasing Manager Date 4/10/07



Director Date 4/12/07



City Manager or Designee Date 4/12/07