

November 5, 2009

FROM: RENE A. RAMIREZ, Director 
Department of Public Utilities

BY: STEPHEN A. HOGG, Assistant Director 
Department of Public Utilities, Wastewater Management Division

SUBJECT: AWARD A REQUIREMENTS CONTRACT IN THE ESTIMATED AMOUNT OF \$1,392,918.45 TO KEMIRA WATER SOLUTIONS, INC., A DELAWARE CORPORATION, FOR FERRIC CHLORIDE (BULK DELIVERY)

AGENDA ITEM NO.	1 E
COUNCIL MEETING	11/5/2009
APPROVED BY	
DEPARTMENT DIRECTOR	
CITY MANAGER	

RECOMMENDATION

Staff recommends the City Council award a one-year requirements contract, with provisions for two one-year extensions, in the estimated amount of \$1,392,918.45 to Kemira Water Solutions, Inc., a Delaware corporation, to provide Ferric Chloride (Bulk Delivery) to the Fresno/Clovis Regional Wastewater Reclamation Facility (RWRF).

EXECUTIVE SUMMARY

The Department of Public Utilities Wastewater Management Division is seeking a requirements contract for Ferric Chloride for use at the RWRF Headworks for odor control and for hydrogen sulfide reduction in the digester gas produced in the treatment process. The hydrogen sulfide level in the digester gas and the odor control activities at the headworks are both items which are regulated under the RWRF air permit issued by the San Joaquin Valley Air Pollution Control District. Hydrogen sulfide control in the digester gas is also necessary for protection of the gas turbines.

BACKGROUND

The RWRF currently treats approximately 66 million gallons of wastewater per day from Fresno, Clovis, and some unincorporated areas of Fresno County. That wastewater flows for six to ten hours in the trunk lines before reaching the plant, arriving in a septic condition in which hydrogen sulfide, a toxic malodorous gas, is present in the wastewater and is emitted into the air treatment system at the headworks. Both at the headworks facility and at the primary treatment units there is a potential for emission of hydrogen sulfide gas from the as-yet-untreated wastewater into the atmosphere. Ferric chloride is added at the headworks as part of the odor control strategy to minimize the emission of odorous gases, and is required as part of the RWRF air permit requirements. Ferric chloride is also added directly to the digesters to reduce the hydrogen sulfide content of the digester gas, which is used to power the gas turbines at the RWRF power generation facility. The hydrogen sulfide content of the digester gas is limited by the levels set in the air permit. In addition, the hydrogen sulfide content of the digester gas must be kept to a minimum in order to protect the power generation equipment.

A Notice Inviting Bids was published August 21, 2009 and posted on the City's website. The specifications were distributed to 20 prospective bidders. Two sealed bid proposals were received and were publicly opened September 3, 2009. Since this is a requirements contract, a unit price was specified per dry ton and a total

estimated annual cost was included based on an estimated annual usage. The two bids (based on total estimated annual cost) were \$1,392,918.45 and \$1,903,575.30. Bids will expire within 64 days of bid opening, i.e., as of November 6, 2009.

Kemira Water Solutions, Inc. submitted the lowest bid proposal in the amount of \$1,392,918.45 and is considered the lowest responsive and responsible bidder. Staff recommends that the City Council award a requirements contract in the estimated annual amount of \$1,392,918.45 to Kemira Water Solutions, Inc. The unit price in the bid proposal of \$581 per dry ton is below the current cost of \$605 per dry ton.

The Council may award a one-year requirements contract, with provisions for two one-year extensions, in the estimated annual amount of \$1,392,918.45 to Kemira Water Solutions, Inc. Alternatively, the Council may reject both bids, resulting in a re-bid, a delay of at least 60 days in obtaining a contract, and increased chemical costs for ferric chloride during the interim.

FISCAL IMPACT

See Attached Fiscal Impact Statement

Attachments:

- Fiscal Impact Statement
- Bid Evaluation.

FISCAL IMPACT STATEMENT

PROGRAM: 414004 – Liquid Waste Treatment

<u>RECOMMENDATION</u>	<u>TOTAL OR CURRENT</u>	<u>ANNUALIZED COST</u>
Direct Cost	<u>\$1,392,918.45</u>	
Indirect Cost	_____	
TOTAL COST	<u>\$1,392,918.45</u>	
Additional Revenue or Savings Generated	_____	
Net City Cost	_____	
Amount Budgeted (If none budgeted, identify source)	<u>\$1,646,200.00</u>	

FOR: REQUIREMENTS CONTRACT FOR FERRIC CHLORIDE FOR THE WASTEWATER
MANAGEMENT DIVISION

Bid File No. 9077
Bid Opening: 09/03/09

BIDDERS	TOTAL NET BID AMOUNT
1. Kemira Water Solutions Inc. 3211 Clinton Pky Ct., #1 Larence, Kansas 66047	\$1,392,918.45
2. California Water Technologies 8851 Dice Road Santa Fe Springs, CA 90670	\$1,903,575.30

Each bidder has agreed to allow the City sixty-four (64) 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, September 30, 2009, 5:00 P.M.

The current contract pricing is 32 % below the previous contract pricing. If the overage is less than 10% or only one bid was received, give explanation:

The previous contract was awarded in 2006. There have been a number of price fluctuations in the market since then, and the current price on the contract extension is \$605 per dry ton. Therefore, the unit price bid amount is actually lower than the current cost. In addition, usage has increased since the last contract was awarded.

BACKGROUND OF PROJECT

Ferric Chloride is used for odor control and for reduction of the amount of hydrogen sulfide contained in the digester gas. The amount of hydrogen sulfide in the digester gas supplied to the gas turbines at the power generation facility is regulated by the facility's air permit and must also be kept at specified levels for protection of the equipment.

EVALUATION OF BID PROPOSALS

FOR: REQUIREMENTS CONTRACT FOR FERRIC CHLORIDE FOR THE WASTEWATER MANAGEMENT DIVISION

Bid File No. 9077
Bid Opening: 09/03/09

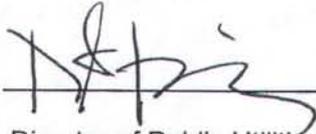
DEPARTMENT CONCLUSIONS AND RECOMMENDATION:

Award a contract in the amount of \$ 1,392,918.45
to Kemira Water Solutions
as the lowest responsive and responsible bidder.

Remarks:

Reject all bids. Reason:

Department Head Approval



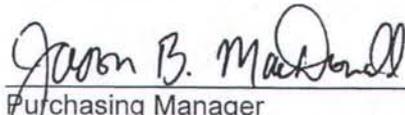
Director of Public Utilities

Date 10/15/09

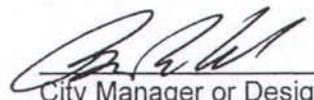
- Approve Dept. Recommendation Approve GSD/Purchasing Recommendation
- Disapprove Disapprove
- See Attachment

GENERAL SERVICES DEPARTMENT

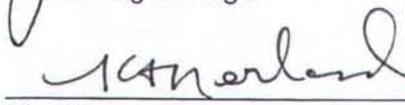
CITY MANAGER



Purchasing Manager Date 10/16/09



City Manager or Designee Date 10/20/09



Director Date 10/16/09