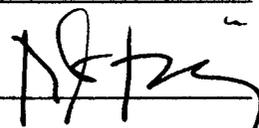


AGENDA ITEM NO.
COUNCIL MEETING
APPROVED BY
DEPARTMENT DIRECTOR 
CITY MANAGER

April 17, 2007

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

**BY:** GARTH GADDY, Provisional Manager *GRG*  
Department of Public Utilities – Water Division

**SUBJECT:** AWARD CONTRACT TO UNIVAR USA, INC. IN THE AMOUNT OF \$327,207.44 FOR BULK SODIUM HYDROXIDE (CAUSTIC SODA) (BID FILE 8874)

**KEY RESULT AREA**

Resource Management

**RECOMMENDATION**

Staff recommends that the City Council award a one-year requirements contract with provisions for two one-year extensions to Univar USA Inc., of Kent, Washington, in the amount of \$327,207.44 for Bulk Sodium Hydroxide (Caustic Soda).

**EXECUTIVE SUMMARY**

The Department of Public Utilities, Water Division, is seeking to establish a requirements contract for Bulk Sodium Hydroxide (Caustic Soda). Staff recommends award of a one year requirements contract, with two one-year extensions to Univar USA Inc. in the amount of \$327,207.44. This contract spans fiscal years, with a portion of the funds budgeted for the remainder of this fiscal year. Purchases in FY08 will be made at the contract prices and included in the proposed FY08 Budget.

**KEY OBJECTIVE BALANCE**

This contract, which provides for the delivery of Bulk Sodium Hydroxide to the Surface Water Treatment Facility, supports the three focus areas of Customer Satisfaction, Employee Satisfaction and Financial Management. Bulk Sodium Hydroxide is used in the treatment of water to both enhance chemical reactions and adjust pH levels, prior to entering the potable water supply delivered to customers. A requirements contract for Bulk Sodium Hydroxide guarantees pricing for a calendar year.

**BACKGROUND**

Sodium Hydroxide is used at the Surface Water Treatment Facility for two purposes:

1. To condition raw water, thereby enhancing the chemical reaction with the primary coagulant, in order to facilitate cleansing of the water.

2. To adjust the pH of the treated water entering the water distribution system, rendering the water non-aggressive and reducing the potential for corrosion-related failures in both the distribution system, as well as in the end-users' facilities (homes and businesses, etc.).

Specifications for a contract for Bulk Sodium Hydroxide (Caustic Soda) were prepared based upon estimated annual usage. A Notice Inviting Bids was published in the Business Journal on January 26, 2007, and posted on the City's web site. The specifications were distributed to seventeen prospective bidders. Five sealed bid proposals were received and opened in a public bid opening February 15, 2007. Bid proposal prices ranged from \$327,207.44 to \$414,624.

Univar USA Inc. of Kent, Washington, submitted the lowest bid price in the amount of \$327,207.44 and is considered the lowest responsive and responsible bidder. The Staff Determination of Award was posted on the City's website on April 9, 2007.

Funding for this project is included in the FY07 Budget. The current contract pricing is 21.5% below the previous contract pricing.

Council may:

- 1) Award a contract in the amount of \$327,207.44 to Univar USA, Inc.
- 2) Reject bid. If bid is rejected, the project will be re-bid resulting in a delay of approximately sixty (60) days.

#### **FISCAL IMPACT**

See attached Fiscal Impact Statement

Attachment:

- Fiscal Impact Statement
- Evaluation of Bid Proposals

## FISCAL IMPACT STATEMENT

PROGRAM: Surface Water Treatment Facility O&M

<u>RECOMMENDATION</u>	<u>TOTAL OR CURRENT</u>	<u>ANNUALIZED COST</u>
Direct Cost	<u>\$66,000</u>	<u>\$327,207.44</u>
Indirect Cost	_____	_____
TOTAL COST	<u>\$66,000</u>	<u>\$327,207.44</u>
Additional Revenue or Savings Generated	_____	_____
Net City Cost	<u>\$66,000</u>	<u>\$327,207.44</u>
Amount Budgeted (If none budgeted, identify source)	<u>\$264,567.41</u>	<u>\$303,045.37*</u>

Remarks: \*The winning bid was higher than was anticipated when budgeting for FY08. If needed, additional budget savings will be identified and transferred to cover any overages in relation to the budgeted amount.

## EVALUATION OF BID PROPOSALS

FOR: REQUIREMENTS CONTRACT FOR BULK SODIUM HYDROXIDE (CAUSTIC SODA)

Bid File No. 8874

Bid Opening: February 15, 2007

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<b>BIDDER'S</b>	<b>TOTAL NET BID AMOUNT</b>
1. UNIVAR USA, Inc. 8201 S 212 <sup>th</sup> St. Kent WA 98032	\$327,207.44
2. Pioneer Americas, LLC 700 Ygnacio Valley Road, Suite 250 Walnut Creek CA 94596	\$354,158.00
3. Basic Chemical Solutions, LLC 525 Seaport Blvd. Redwood City CA 94063	\$358,822.52
4. Sierra Chemical Co. 2302 Larkin Circle Sparks NV 89431	\$399,075.60
5. Brenntag Pacific 3595 E Wawona Ave Fresno CA 93725	\$414,624.00

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Each bidder has agreed to allow the City ninety (90) 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, March 21, 2007, 5:00 P.M.

The current contract pricing is 21.5% below the previous contract pricing. If the overage is greater than 10% or only one bid was received, give explanation:

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

Sodium Hydroxide is used at the surface water treatment facility for two purposes:

1. To condition raw water to enhance the chemical reaction with the primary coagulant in order to facilitate the cleaning of the water.
2. To adjust the pH of the finished water prior to entering the water distribution system in order to render the water non-aggressive, consequently reducing the potential for corrosion-related failures in both the distribution system as well as in the end-users' facilities (homes and businesses, etc.)

**EVALUATION OF BID PROPOSALS**

FOR: REQUIREMENTS CONTRACT FOR BULK SODIUM HYDROXIDE (CAUSTIC SODA)

Bid File No. 8874  
Bid Opening: February 15, 2007

**DEPARTMENT CONCLUSIONS AND RECOMMENDATION:**

Award a contract in the amount of \$327,207.44  
to UNIVAR USA, Inc.  
as the lowest responsive and responsible bidder.

Remarks:

Reject all bids. Reason:

Department Head Approval

Am. Gen. M. W. A.

Title ASSISTANT DIRECTOR

Date 3/15/07

Approve Dept. Recommendation

Approve GSD/Purchasing Recommendation

Disapprove

Disapprove

See Attachment

GENERAL SERVICES DEPARTMENT

CITY MANAGER

Janet Smith 4/4/07  
Purchasing Manager Date

J. ... 4/9/07  
City Manager or Designee Date

Koverland 4/4/07  
Director Date