TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS

DATE: JUNE 19, 2006 CMR:265:06

SUBJECT: APPROVAL OF BLANKET PURCHASE ORDER WITH SIERRA CHEMICAL COMPANY IN AN AMOUNT NOT TO EXCEED $330,000 FOR THE PURCHASE OF BULK CHLORINE AND SULFUR DIOXIDE FOR THE WATER QUALITY CONTROL PLANT

RECOMMENDATION
Staff recommends that Council:

1. Approve and authorize the City Manager or his designee to execute a blanket purchase order for FY 06-07 with Sierra Chemical Company in an amount not to exceed $330,000; and
2. Authorize the City Manager or his designee to negotiate and execute contract extensions or blanket purchase orders for two additional years (FY 07-08 and FY 08-09).

DISCUSSION
Chlorine is required for disinfection to protect public health and sulfur dioxide is required to eliminate the chlorine residual of the Water Quality Control Plant effluent before discharge into the Bay.

A Request for Quotation for the purchase of bulk chlorine and sulfur dioxide was issued in April 2006. The solicitation was sent to seven vendors and only two responses were received: Teck Cominco American responded with a “no bid” and Sierra Chemical Company provided a bid for both chlorine and sulfur dioxide as specified. The quotation provides a unit price per ton of chlorine and sulfur dioxide for estimated annual quantities (300 tons for chlorine and 125 tons for sulfur dioxide). These estimated quantities were specified for the purpose of determining the lowest responsible bidder, and no guarantee is implied that the exact amount will be purchased. Based on the current year’s usage, it is likely that the RWQCP will require slightly more product than the above estimate for the coming year. The RFQ required bidders to include a provision for price adjustments for two optional 12-month contract extensions. Sierra Chemical Company’s bid specifies price increases of 0-5% based on the higher of the PPI or CPI Index for each of the two optional 12 month extension periods. The proposed blanket purchase order requires Council approval because the expenditures will likely exceed $250,000 per year.

The itemized bid from Sierra Chemical Company is provided in Attachment A. The Certification of Nondiscrimination is Attachment B.
**RESOURCE IMPACT**
Funds have been budgeted for these operational costs in the FY 2006-07 Wastewater Treatment budget.

**POLICY IMPLICATIONS**
Authorization of this blanket purchase order does not represent any change to the existing policy.

**ENVIRONMENTAL REVIEW**
Supplier is required to comply with all Federal, State and local environmental laws and regulations applicable to the transportation and delivery of chlorine and sulfur dioxide.

**ATTACHMENTS**
Attachment A: Bid Summary
Attachment B: Certification of Nondiscrimination

PREPARED BY: ____________________________________________
WILLIAM MIKS
Manager, Water Quality Control

DEPARTMENT HEAD ____________________________________________
GLENN ROBERTS
Director of Public Works

CITY MANAGER APPROVAL: _____________________________
EMILY HARRISON
Assistant City Manager