TO:        HONORABLE CITY COUNCIL
FROM:      CITY MANAGER                      DEPARTMENT: PUBLIC WORKS
DATE:      MARCH 10, 2008                        CMR:148:08

SUBJECT:   APPROVAL OF BLANKET PURCHASE ORDER WITH OLIN CHLOR ALKALAI PRODUCTS IN AN AMOUNT NOT TO EXCEED $488,749 FOR THE PURCHASE OF BULK SODIUM HYPOCHLORITE FOR THE WATER QUALITY CONTROL PLANT AND APPROVAL OF TWO ONE YEAR EXTENSIONS

RECOMMENDATION
Staff recommends that Council:

1. Approve and authorize the City Manager or his designee to execute a blanket purchase order with Olin Chlor Alkalai Products for the remainder of FY 07-08 for an amount not to exceed $97,750, and for FY 08-09 in an amount not to exceed $390,999; and

2. Authorize the City Manager or his designee to negotiate and execute two one year extensions to the blanket purchase order for FY 2009-10 and FY 2010-11 in an amount not to exceed $390,999 per year, plus the Department of Labor producer price index for chlorine.

DISCUSSION
The sodium hypochlorite purchased under this order will protect the public health by providing disinfection of the Water Quality Control Plant effluent before discharge to San Francisco Bay.

A Request for Quotation (RFQ) for the purchase of 12.5% bulk sodium hypochlorite was issued in December 2007. The solicitation was sent to six vendors and four responses were received. The low bidder quoted a unit price of $0.735 per gallon of sodium hypochlorite based on an estimated annual quantity of 484,000 gallons. The estimated quantity was specified for the purpose of determining the lowest responsible bidder, and no guarantee is implied that the exact amount will be purchased. The RFQ fixes the price through June 2009 and establishes a price increase for each of the two optional 12-month extension periods. The extension periods will be on a fiscal year basis; the price increase will be based on the U.S. Department of Labor producer price index for chlorine. The proposed blanket purchase order requires Council approval because the expenditures will likely exceed $250,000 per fiscal year.

The bid summary 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 2007-08 through FY 2010-11 Wastewater Treatment budgets.

**POLICY IMPLICATIONS**
Authorization of this blanket purchase order does not represent a change to existing policies.

**ENVIRONMENTAL REVIEW**
This project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the CEQA guidelines.

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

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DEPARTMENT HEAD _____________________________
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