



Legislation Details (With Text)

**File #:** 24-226      **Version:** 1      **Name:**

**Type:** Consent Item      **Status:** Passed

**File created:** 2/28/2024      **In control:** City Council/Public Finance and Economic Development Authority/Parking Authority

**On agenda:** 4/15/2024      **Final action:** 4/15/2024

**Title:** SUBJECT: Authorization to Waive the Competitive Bidding Requirements to Allow Cooperative Purchasing Through the Competitively Bid Bay Area Chemical Consortium and Authorization to Purchase Chemicals for Wastewater, Water, and Facilities for a Three (3) Year Term Ending June 30, 2027, for a Total not to Exceed Amount of \$2,910,353

REPORT IN BRIEF

Considers authorizing to waive competitive bidding requirement to purchase chemicals from the competitively bid Bay Area Chemical Consortium for a three-year term for a total not to exceed amount of \$2,910,353.

RECOMMENDATION

City Council - Adopt a motion:

A. Waiving the City’s competitive bidding requirement as permitted by Merced Municipal Code section 3.04.210 and authorizing the purchase of chemicals for wastewater, water, and facilities from vendors competitively bid through the Bay Area Chemical Consortium for a three-year term for a total amount of \$2,910,353; and,

B. Authorizing the City Manager execute the necessary documents and to approve additional expenditures not to exceed 10% of the three-year total for bid pricing changes in year two and three; and,

C. Authorizing the Finance Officer to make the necessary budget adjustments.

Sponsors:

Indexes:

Code sections:

**Attachments:** 1. BACC Participation Fee Invoice, 2. BACC Bid Tabulation Sodium Hypochlorite.pdf, 3. BACC Bid Tabulation Ferric Chloride.pdf

| Date      | Ver. | Action By  | Action   | Result |
|-----------|------|--|----------|--------|
| 4/15/2024 | 1    | City Council/Public Finance and Economic Development Authority/Parking Authority | approved | Pass   |

Report Prepared by: Charles Slagter, PWS - Wastewater

**SUBJECT:** Authorization to Waive the Competitive Bidding Requirements to Allow Cooperative Purchasing Through the Competitively Bid Bay Area Chemical Consortium and Authorization to Purchase Chemicals for Wastewater, Water, and Facilities for a Three (3) Year Term Ending June 30, 2027, for a Total not to Exceed Amount of \$2,910,353

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## RECOMMENDATION

**City Council** - Adopt a motion:

A. Waiving the City's competitive bidding requirement as permitted by Merced Municipal Code section 3.04.210 and authorizing the purchase of chemicals for wastewater, water, and facilities from vendors competitively bid through the Bay Area Chemical Consortium for a three-year term for a total amount of \$2,910,353; and,

B. Authorizing the City Manager execute the necessary documents and to approve additional expenditures not to exceed 10% of the three-year total for bid pricing changes in year two and three; and,

C. Authorizing the Finance Officer to make the necessary budget adjustments.

## ALTERNATIVES

1. Approve, as recommend by Staff; or,
2. Approve, subject to other than recommended by Staff; or,
3. Deny; or,
4. Refer to Staff for reconsideration of specific items; or,
5. Continue to a future meeting.

## AUTHORITY

Merced City Charter, Section 200. Municipal Code Section 3.04.210-Exemptions from competitive bidding.

## CITY COUNCIL PRIORITIES

As provided for in the 2024/2025 Proposed Budget.

## DISCUSSION

The City of Merced Wastewater Treatment Plant (WWTP) uses several chemicals in the treatment of wastewater. Bidding for these chemicals for the small quantities the WWTP uses typically means paying higher prices. The WWTP previously requested and received approval from Council at the July 6, 2021, meeting, to waive competitive bidding and purchase chemicals from the Bay Area Chemical Consortium (BACC).

The BACC is an informal consortium that advertises and opens sealed competitive bids, and then prepares bid recommendations. Agencies that join the BACC bid together as one entity, and thus gain the benefit of having a lower cost for chemicals. Agencies that wish to participate in the BACC pay a yearly participation fee to the BACC. This year, the participation fee was \$859.00 (see attachment 1).

The WWTP uses sodium hypochlorite and ferric chloride to treat wastewater, the Water Division uses sodium hypochlorite in the disinfection of drinking water, and the Facilities Division uses sodium hypochlorite in the disinfection of the McNamara and Ada Givens swimming pools.

In this year’s BACC bid, Univar Solutions USA, LLC, was the winning bid for sodium hypochlorite at \$3.25 per gallon (plus tax) and Kemira Water Solutions, Inc., was the winning bid for ferric chloride at \$1,470.00 per dry ton (plus tax). The unit price will vary in future fiscal years, depending on the market and future BACC bid results. For fiscal years 2025/2026 and 2026/2027 a ten percent increase has been factored in annually for the purposes of estimation of the total amount requested.

The chart below outlines the average chemical usage and estimated yearly amount (does not include sale and use tax) and is calculated using the 2024/2025 bid pricing plus ten percent for each subsequent fiscal year.

|                     | WWTP    |          | Water   |           | Facilities |          |
|---------------------|---------|----------|---------|-----------|------------|----------|
|                     | Gallons | Cost     | Gallons | Cost      | Gallons    | Cost     |
| Sodium Hypochlorite | 13,000  | \$42,250 | 50,000  | \$162,500 | 6,000      | \$19,500 |

|                 | WWTP |           |
|-----------------|------|-----------|
|                 | Tons | Cost      |
| Ferric Chloride | 400  | \$588,000 |

The three-year total for sodium hypochlorite is estimated at \$742,268; the three-year total for ferric chloride is estimated at \$1,946,280; for an approximate three-year total of \$2,688,548 plus taxes and applicable fees, for a total requested amount of \$2,910,353.

WWTP staff would like to request Council approval to continue purchasing sodium hypochlorite and ferric chloride under the BACC bidding process, to enter into a Statement of Services Agreement with Univar Solutions USA, LLC, Kemira Water Solutions, Inc., and approve the City Manager to authorize any expenditures, not to exceed 10 percent of the three-year total, for unforeseen usages or an increase in bid pricing, as well as enter into Statement of Services Agreements with future year BACC bid winners.

**IMPACT ON CITY RESOURCES**

Fund 6000 Wastewater, Fund 6001 Water, and Fund 7007 Facilities annually budget for their respective chemical usage.

**ATTACHMENTS**

1. BACC Participation Fee invoice
2. BACC Bid Tabulation Sodium Hypochlorite
3. BACC Bid Tabulation Ferric Chloride